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Broward County MPO Federal Update January 2017

TRANSPORTATION FUNDING

Funding for Transportation Programs in CR: Before adjourning in December 2016, Congress passed a [continuing resolution](#) (CR) (H.R. 2028) funding federal agencies, at current year funding levels, until April 28.

Since the CR is funded at FY 2016 funding levels, programs will not see the funding increases for highways and transit that were included in the transportation reauthorization bill, the FAST Act. However, the CR does not impact TIFIA funding levels as this is a revolving loan program. Here are the funding levels for transportation in the CR:

- Federal-aid Highways: \$24.3 billion—[the state of Florida will receive \\$997,684,757](#)
- Federal Transit Administration (FTA) Transit Formula Grants: \$5.367 billion (i.e. Urbanized Area Formula Program/Section 5307, Metropolitan Transportation Planning/Section 5303, etc.)
- FTA Capital Investment Grants (New Starts and Small Starts): \$1.243 billion—the Fort Lauderdale, Wave Streetcar will be receiving \$49,650,000 in unobligated funding from previous years

House and Senate Democratic members and Republican and Democratic appropriators want to consider an omnibus appropriations bill which would fund all federal agencies. Conservative Republicans and House leadership want to pass a CR. Holland & Knight has spoken with both Republican and Democratic appropriations staff who believe that Congress will probably consider another CR, but it will include policy riders.

Highway Trust Fund Solvency: On January 24, the Congressional Budget Office (CBO) released its annual Budget and Economic Outlook, covering the current fiscal year 2017 and the ten year 2018-2027 period. CBO project that real economic growth will stay just below two percent per year for the next decade, limiting how much federal tax receipts will grow at current rates. Due to the continuing imbalance between federal tax receipts (at current rates) and federal spending under current policies and trends, federal deficit is projected to be \$559 billion in the ongoing FY 2017 but will breach the trillion dollar threshold as soon as FY 2023, reaching \$1.4 trillion in 2027.

Congress and the Trump Administration will most likely be looking at budget cuts for discretionary appropriations including transit programs, which are not funded by the Highway Trust Fund (i.e. Capital Investment Grant program).

There is good news for the Highway Trust Fund in that CBO projects that the Highway Trust Fund will remain solvent until at least the end of the FAST Act period in September 2020. However, CBO projects that the Trust Fund will need at least \$144 billion to remain solvent to 2027. To get to the end of the next five-year surface transportation reauthorization (FY 2021-2025), the Highway Trust Fund will need an estimated \$95 billion..

CONGRESSIONAL UPDATE

House GOP's Agenda for the First 200 Days: At the Republican retreat in Philadelphia on January 25, House Speaker Paul Ryan (R-WI) [announced](#) a 200-day legislative agenda. The first act laid out by Ryan will be to roll back regulations from the Obama Administration using the Congressional Review Act. House Majority Leader Kevin McCarthy (R-CA) [said](#) the process will begin as early as the first week of February, starting with the Interior Department's stream protection rule, the Environmental Protection Agency (EPA)'s gas emissions standards, and the Securities and Exchange Commission (SEC)'s disclosure rule for resource extraction. These were actions taken in the final months of the Obama Administration. There will also be a narrowed focus on efforts to repeal and replace the Affordable Care Act; Ryan said the goal will be to complete the process by April.

Republicans also plan to use the fiscal year (FY) 2018 budget reconciliation process to change the tax code by the end of July. House leaders hope to have this rewritten before August recess, though there are concerns about the impact of the Senate schedule on enacting this measure.

Health care and tax reform lead the priorities for congressional Republicans, but Speaker Ryan identified other items of importance including the veterans' choice program; avoiding default after the U.S. reaches the debt ceiling in March; appropriations to fund the proposed U.S.-Mexico border wall; and building an infrastructure package. Ryan laid out an ambitious timeline for the House, but it is currently unclear what Senate priorities will be in the coming months.

Senate Confirms Elaine Chao to be DOT Secretary: On January 31, the Senate confirmed Elaine Chao's nomination to be the Secretary of Transportation by a vote of 93 to 6. Only a handful of Democrats opposed: Senators Chuck Schumer (D-NY), Kirsten Gillibrand (D-NY), Bernie Sanders (D-VT), Cory Booker (D-NJ), and Elizabeth Warren (D-MA).

Senate Commerce, Science, and Transportation Committee Chairman John Thune (R-SD) praised Chao's experience. "Our economy is truly dependent on a thriving transportation sector. Without a robust and efficient transportation sector, rural states like mine [would be unable to move their goods to the market]."

Ranking Member Senator Bill Nelson (D-FL) echoed Chairman Thune's support, "Clearly she is part of the Senate family as the wife of the Majority Leader," he said, before indicating that her prior government experience as Secretary of Labor demonstrates her qualification for the role. United States."

Issues like this, Nelson argued, will require Chao’s involvement in future incidents. He said, “as someone who has the experience and who has common sense and will be in a position to offer level headed, good experience-based advice to the government going forward.

She is a non-controversial nominee and has received praise from both Republican and Democratic members. During her confirmation hearing, she outlined her three main priorities: safety and new technology; expediting projects and spending money more efficiently; and rural-urban and modal equity. Throughout the hearing, she repeatedly promised to reassess regulations that slow down infrastructure projects and stifle innovation. She also praised the TIGER and TIFIA programs and said that both will continue under the Trump Administration. Deputy Secretary, Federal Highways Administration (FHWA) Administrator, FTA Administrator appointees will not be in place until fall of 2017.

Infrastructure Plans:

Senate Democrats: On January 24, Senate Democrats unveiled a plan for [\\$1 trillion federal infrastructure spending](#) over 10 years. During the press conference, Minority Leader Chuck Schumer (D-NY) said “we Democrats believe that this should be a measure to get the economy going...as for how we pay for it, we will discuss that but many of us believe that it should just be used to create jobs and not take any money away [from other programs].

An overview of the proposed infrastructure funding:

Reconstruct Roads & Bridges	\$100 Billion	Improve Airports	\$30 Billion
Revitalize Main Street	\$100 Billion	Address Ports & Waterways	\$10 Billion
Expand TIGER	\$10 Billion	Build Resilient Communities	\$25 Billion
Rehabilitate Water and Sewer	\$110 Billion	21 st Century Energy Infrastructure	\$100 Billion
Modernize Rail Infrastructure	\$50 Billion	Expand Broadband	\$20 Billion
Repair & Expand Transit	\$130 Billion	Invest in Public Lands & Tribal Infrastructure	\$20 Billion
Vital Infrastructure Program	\$200 Billion	Modernize VA Hospitals	\$10 Billion
Rebuild Public Schools	\$75 Billion	Provide Innovative Financing Tools	\$10 Billion

The \$10 billion for “new innovative financing tools” references an infrastructure bank and also mentions existing TIFIA, Railroad Rehabilitation & Improvement Financing (RRIF), and EPA’s Water Infrastructure Finance and Innovation Act (WIFIA) programs, but does not explain how the funding will be allocated among the programs.

The plan did not include how the \$1 trillion investment will be paid for, and under a Republican controlled Congress, it is doubtful that this plan will be considered as Republicans have repeatedly stated that the “infrastructure package” will not be another American Recovery and Reinvestment Act (ARRA) stimulus bill.

President Trump: During his campaign, he issued a [Contract with the American Voter](#) that promised that the Administration will prioritize infrastructure development during the first 100 days in office by seeking to introduce and pass the “American Energy and Infrastructure Act.” The package, which Trump has stated will leverage \$1 trillion worth of public-private partnerships and private investments, may include funding for transportation, energy, water, telecommunications, and cybersecurity projects.

While President Trump has stated that infrastructure is a top priority, there is no clear picture yet of what it will look like, and how it gets paid for.

Trump has stated that his infrastructure plan will use revenue-neutral tax incentives to leverage \$1 trillion worth of public-private partnerships and private investments, focusing more on tax incentives than new infusion of actual funding. Tax credits would incentivize private sector companies to borrow the upfront equity needed for the investment and would cover over 80% of the equity investment necessary to kick-start this infrastructure renaissance by using increased tax revenues from the expected additional wage income and contractor profits associated with the increased private sector activity.

Trump’s tax plan notes that taxable bonds will play an important part in infrastructure spending, Trump supports the Build America Bond program – which, under the Obama Administration, allowed government issuers to issue taxable bonds, giving them access to a broader group of investors. However, this program faces opposition from Republican members as it was created by the Obama Administration in ARRA.

Republican Infrastructure Plans: House Speaker Paul Ryan and Senate Majority Leader Mitch McConnell have stated that they want health care, nominees, overturning regulations, and tax reform to be considered before infrastructure. Speaker Ryan said on January 24 that he will “carve out the fiscal space” for President Trump’s infrastructure plan in the fiscal year 2018 budget resolution that is also expected to include a tax reform and additional funding for defense. “The size of the package will be determined by the fiscal space we create in our spring budget,” Ryan said at his weekly news conference on Tuesday. “Our goal is to leverage as much as possible.” “The size of the package will be determined by the fiscal space we create in our spring budget,” Ryan said at his weekly news conference on Tuesday. “Our goal is to leverage as much as possible.”

House Transportation and Infrastructure Chairman Bill Shuster (R-PA) suggested using revenue from repatriated corporate income for infrastructure upgrades, and encouraged “bipartisan buy-in.” “What infrastructure does is it brings that to the table, if you couple it with tax reform,” Shuster said at a Republican Main Street Partnership event on January 24.

Committee Assignments: Committee assignments and chairmen have been finalized by both the House and Senate since 115th Congress began. There are several new chairmen and ranking members due to retirements and term limits. Here is a list of the chairmen and ranking members for the transportation related committees:

House Transportation & Infrastructure Committee:

- Chairman Bill Shuster (R-PA)
- Ranking Member Peter DeFazio (D-OR)
- Subcommittee on Highways and Transit – Chairman Sam Graves (R-MO) and Ranking Member Eleanor Holmes Norton (D-DC)
- Subcommittee on Railroads, Pipelines, and Hazardous Materials – Chairman Jeff Denham (R-CA) and Ranking Member Mike Capuano (D-MA)

House Appropriations Committee (Democrats have not named subcommittee chairmen or members):

- Chairman Rodney Frelinghuysen (R-NJ)--NEW
- Ranking Member Nina Lowey (D-NY)
- Subcommittee on Transportation, Housing and Urban Development– Chairman Mario Diaz-Balart (R-FL)

Senate Appropriations Committee:

- Chairman Thad Cochran (R-MS)
- Ranking Member Patrick Leahy (D-VT)--NEW
- Subcommittee on Transportation, Housing and Urban Development, and Related Agencies – Chairman Susan Collins (R-ME) and Ranking Member Jack Reed (D-RI)

Senate Environment and Public Works Committee (have not named subcommittee members or chairman/ranking members):

- Chairman John Barrasso (R-WY)--NEW
- Ranking Member Tom Carper (D-DE)--NEW

Senate Commerce, Science, and Transportation Committee:

- Chairman John Thune (R-SD)
- Ranking Member Bill Nelson (D-FL)
- Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security – Chairman Deb Fischer (R-NE) and Ranking Member Cory Booker (D-NJ)

Senate Banking, Housing, and Urban Affairs Committee:

- Chairman Mike Crapo (R-ID)--NEW
- Ranking Member Sherrod Brown (D-OH)--NEW
- Subcommittee on Housing, Transportation, and Community Development – Chairman Tim Scott (R-SC)--NEW and Ranking Member Robert Menendez (D-NJ)

ADMINISTRATION UPDATE

Fast-Tracked Environmental Reviews Executive Order: President Trump signed an executive [order](#) on January 24 that requires fast-tracked environmental reviews for “high priority” infrastructure projects. The executive order said federal infrastructure decisions should be conducted efficiently, and executive branch policy will be to “streamline and expedite...environmental reviews and approvals for all infrastructure projects, especially projects that are a high priority for the Nation, such as improving the U.S. electric grid and telecommunications systems and repairing and upgrading critical port facilities, airports, pipelines, bridges, and highways.” This order is seen as a move to speed up the President’s goal of a \$1 trillion infrastructure investment by ensuring big government projects are not caught up by agency processes. Decisions on what projects are high priority will be left to governors and the chairman of the White House Council on Environmental Quality (CEQ). The chair will decide within 30 days of a request, and if an agency does not meet deadline for review, the head of the agency is accountable to the chair. Few details were provided on the expedition process, citing that it will be done within legal frameworks.