



Metro

Board Report

File #: 2018-0002, File Type: Federal Legislation / State Legislation (Position)

Agenda Number:

**EXECUTIVE MANAGEMENT COMMITTEE
MARCH 15, 2018**

SUBJECT: FEDERAL LEGISLATION

ACTION: ADOPT STAFF RECOMMENDED POSITIONS

RECOMMENDATION

ADOPT staff recommended positions:

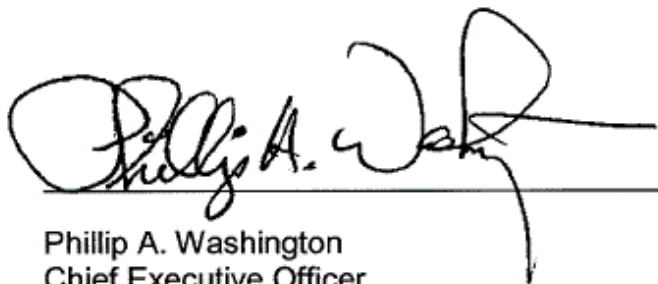
- A. S.B. 2320 (Cornyn) - Building United States Infrastructure and Leveraging Development Act or the BUILD Act - **SUPPORT**
- B. H.R. 1458 (Blumenauer) - Raise And Index to Sustainably and Efficiently Invest in Transportation Act of 2017 or the RAISE IT Act - **SUPPORT**

ATTACHMENTS

- Attachment A - S.B. 2320 (Cornyn) Legislative Analysis
- Attachment B - H.R. 1458 (Blumenauer) Legislative Analysis

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ATTACHMENT A

BILL: SENATE BILL 2320

AUTHOR: SENATOR JOHN CORNYN (R-TX) and SENATOR MARK WARNER (D-VA)

SUBJECT: “BUILDING AMERICAN INFRASTRUCTURE AND LEVERAGING DEVELOPMENT ACT” or BUILD ACT

STATUS: SENATE – REFERRED TO THE COMMITTEE ON FINANCE

ACTION: SUPPORT

RECOMMENDATION

Staff recommends that the Board of Directors adopt a SUPPORT position on S. 2320, the BUILD Act authored by Senator John Cornyn and Senator Mark Warner.

ISSUE

The U.S. Department of Transportation (USDOT) currently has a statutory cap (\$15 billion) on the amount of Private Activity Bonds available for approval to finance infrastructure projects. USDOT has approved \$10.8 billion in Private Activity Bonds, currently leaving just under \$5 billion available nationwide. It is expected that future project approvals throughout the nation will continue to decrease the amount of Private Activity Bonds available. S. 2320 raises the statutory cap by \$5.8 billion on Private Activity Bonds available to USDOT for approval.

DISCUSSION

Private Activity Bonds are bonds issued by state and local governments and are directed at projects that benefit private entities but also serve some public purpose. This form of financing is important for surface transportation projects that utilize a public-private partnership model. As an example, on the Denver Eagle transit project which is the nation’s first and only large P3 transit project, the use of Private Activity Bonds on the project resulted in a roughly \$400 million in savings over the life of the contract.

As Metro continues to receive and evaluate all potential opportunities to accelerate project delivery, it is beneficial to ensure that this valuable financing tool is available in the future. By increasing the total available amount in tax exempt Private Activity Bonds that USDOT is allowed to approve to \$20.8 billion, the appropriate capacity to approve bond issuances in the future will be achieved.

In the infrastructure plan released by the White House on February 12, 2018, the Trump Administration proposes eliminating the cap on Private Activity Bonds. While such a move would be helpful to our agency – this policy proposal faces staunch opposition in Congress from many in the GOP – including from the powerful Chairman of the House Committee on Ways and Means – Congressman Kevin Brady (R-TX).

DETERMINATION OF SAFETY IMPACT

There is no determined safety impact due to the enactment of the proposed legislation.

FINANCIAL IMPACT

This bill could have a positive financial impact on our agency as it provides additional Private Activity Bond capacity should Metro decide to pursue a project that would benefit from such financing.

ALTERNATIVES CONSIDERED

Staff has considered adopting an oppose position on the bill. Adopting an oppose position on the bill would be counter to the advocacy efforts as outlined in the Board-approved 2018 Federal Legislative Program.

NEXT STEPS

Should the Board adopt a SUPPORT position on this measure, staff will communicate the Board's position to the author and work with Congress to ensure its adoption into law. Staff will continue to keep the Board informed as this issue is addressed throughout the legislative session.

BILL: HOUSE RESOLUTION 1458

AUTHOR: REPRESENTATIVE EARL BLUMENAUER

SUBJECT: RAISE IT ACT

STATUS: HOUSE – REFERRED TO THE COMMITTEE ON WAYS AND MEANS

ACTION: SUPPORT

RECOMMENDATION

Staff recommends that the Board of Directors adopt a SUPPORT position on H.R. 1458 – the Raise and Index to Sustainably and Efficiently Invest in Transportation Act of 2017 or the RAISE IT Act authored by Representative Earl Blumenauer of Oregon.

ISSUE

The federal government’s Highway Trust Fund is facing solvency issues and is increasingly reliant on general fund transfers from the U.S. Treasury. According to the Congressional Budget Office, the “trust fund will have insufficient resources to meet all of its obligations, resulting in steadily accumulating shortfalls.” Furthermore, the Congressional Budget Office estimates that the Highway Trust Fund will incur negative balances by the end of Fiscal Year 2020. Approving a solution to ensure solvency of the Highway Trust Fund will be a critical task for Congress to address as the current surface transportation authorization bill expires September 30, 2020.

DISCUSSION

The Administration and Congress are currently in the process of deciding how to proceed on an infrastructure initiative proposed by the White House on February 12, 2018. Absent from that proposal was a solution to fund the Highway Trust Fund which continues to take in less in federal gasoline taxes as vehicles become more fuel efficient and more electric vehicles share our highways. At the same time, the cost of the nation’s infrastructure needs continues to grow. While Congress debates the recent infrastructure proposal, it is important to remember that the Highway Trust Fund provides far more funding for highway and transit projects than does the proposed infrastructure initiative, and ensuring its solvency would be one of the most effective steps in addressing future transportation infrastructure needs throughout the nations.

There have been a number of potential solutions offered by Members of Congress to address the shortfall in the Highway Trust Fund. Repatriation of overseas corporate earnings was an idea that had bipartisan support, but Congress decided to use that option to help pay for the tax cut bill recently approved, taking it off the table to fund transportation projects. Another idea has been to create an alternative method of collecting a user fee based on vehicle-miles-traveled (VMT). This idea has promise and

states, including California, are experimenting with the idea through pilot programs. However, a lack of data and support create challenges to efficiently implementing a new user fee system to fund federal highway and transit investment. H.R. 1458, the RAISE IT Act, offers a thoughtful solution to shore up the Highway Trust Fund in a way that is predictable for transit agencies and has a track record of efficiently delivery transportation investment.

H.R. 1458 would increase federal gasoline and diesel taxes incrementally over the next three years by about 15 cents and would also index both fuels to increase with inflation. Additionally, the bill incrementally increases the allocation of fuel taxes distributed into the Mass Transit Account of the Highway Trust Fund by 3 cents. Lastly, H.R. 1458 expresses that the nation should move away from the gasoline user fee model and implement a more sustainable solution to fund transportation by 2027.

DETERMINATION OF SAFETY IMPACT

Staff has reviewed this proposal and has determined that the legislation will not have an impact on safety.

FINANCIAL IMPACT

Staff has determined this bill will positively impact our agency. It has the potential to restore the solvency of the Highway Trust Fund. Solvency of the Highway Trust Fund would provide a dedicated and reliable source of federal funding for highway and transit projects for the coming years.

ALTERNATIVES CONSIDERED

Staff has considered a number of alternatives with respect to fully address the solvency issues facing the Highway Trust Fund, and at this time, believes that H.R. 1458 offers the best path forward.

NEXT STEPS

Should the Board decide to support H.R.1458, staff will prepare a support letter for the bill and work with U.S. Representative Earl Blumenauer and Congress to support the bill's passage.