

January 27, 2015

NEC Transportation Policy Committee Conference Call

Dear NEC Transportation Policy Committee Member:

We are looking to hold a conference call of the Transportation Policy Committee on **Thursday, February 5th at 10:00 a.m.** in order to plan the Committee's agenda for 2015. We expect the call to last no more than 30 minutes. As you likely are aware, the year ahead has the expectation to have several "high profile" transportation policy items addressed by the House and the Senate. Among these are:

Surface Transportation Bill

Last summer, Congress passed and the President signed a short-term extension of the Moving Ahead for Progress in the 21st Century Act (MAP-21) – the law which authorizes spending for federal highway, transit, and safety programs. Congress has until May 31, 2015 to pass a new surface transportation bill, or will need to enact another stop-gap measure. The latter option would likely keep programs only on auto-pilot for anywhere from 6 months to 2 years. However a long-term, multi-year infrastructure law would bring stability in project planning and delivery, job growth, as well as economic vitality.

The New England Council has supported the passage of a long-term bill and has weighed in with lawmakers on Capitol Hill in favor of a four-to-six year approach. It is the intent of the Council (and the Committee) to continue advocating for a long-term bill.

However, for Republicans and Democrats in Congress, one of the major challenges in passing a long-term bill is finding a mutually-agreeable and reliable funding source that will address our infrastructure needs. The federal gas tax has been stuck at mid-1990s levels (18.4 cents). Some in Congress have opposed increasing the gas tax to help pay for improvements – House Ways and Means Chairman Paul Ryan (R-WI) and House Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA), for instance – while some like Senate Environment and Public Works Committee Chairman Jim Inhofe (R-OK) and Senate Commerce, Science, and Transportation Committee Chairman John Thune (R-SD) have kept

an open mind. Others have advocated different approaches to fund our nation's roads and bridges including enhanced tolling, a tax on vehicle miles traveled, and use of repatriated overseas income.

There is interest in determining if the Committee (and with it, the Council) should specifically advocate for an increase in the federal gas tax to finance a long-term bill, and is one item that we would like to touch on during the conference call on February 5th.

FAA Reauthorization

The programs and policies of the Federal Aviation Administration (FAA) will expire later this year if a reauthorization bill is not adopted by the end of September. Like the surface transportation bill, inaction on the part of Congress would force a short term extension of the current law – the FAA Modernization and Reform Act. House Transportation and Infrastructure Committee Chairman Bill Shuster has stated that he wants to pass an FAA bill that is “big, bold, and transformational” and would like to avoid doing a series of short-term extensions. Indeed, before the FAA Modernization and Reform Act was signed into law back in 2012, nearly two-dozen short term extensions were needed to continue the operations of the FAA.

Along with his pronouncement on the type of bill he wanted, Mr. Shuster indicated that “all options are on the table” as far as a final bill is concerned. Chairman Shuster, committee members, staff, and stakeholders have been in discussions on reauthorization efforts, and a hearing has already been held this month on the FAA's certification processes.

As the process moves forward on a reauthorization bill, a variety of issues may well reach the forefront, including whether to change passenger facility charges (PFCs), implement user fees, clamp down on the use of unmanned aerial vehicles (drones), or privatize air traffic control operations to name a few.

Amtrak Reauthorization

As Congress was winding down last September, the House Transportation and Infrastructure (T&I) Committee unanimously passed an Amtrak reauthorization bill. At the time the committee passed the bill, Chairman Shuster pointed out that “one of the most important rail links to our nation is the Northeast Corridor” noting the population density of the region and the high usage of the rail corridor. He added that improvements to the overall system were overdue, and were included in the bill.

As passed, last year's bill would reform Amtrak to increase transparency, reduce costs, and

operate more like a business; leverage resources and encourage non-federal participation; empower states to have a greater role in managing routes; streamline environmental reviews and accelerate project delivery. In a particular move designed to help the Northeast Corridor optimize its success, the bill would keep Northeast Corridor profits on the Northeast Corridor, improve management of the Northeast Corridor, and incentivize increased Northeast Corridor investments.

The bill that the Committee passed last fall did not see action by the full House of Representatives, but legislation is expected to be considered once again by Congress in 2015. Last year's bill was a balance between Amtrak reforms that Committee Republicans wanted, while maintaining the national service network and employee protections that Committee Democrats wanted. It is unclear if the Committee will take up where it left off with last year's bill, or if they will seek to go a different direction altogether.

Public Private Partnerships

In September the House T&I Committee's Public Private Partnerships (P3) special panel released its Findings and Recommendations on "balancing the needs of the public and private sectors to finance the nation's infrastructure." The P3 Panel looked at how P3s are currently being used for "all modes of transportation, public buildings, water, and maritime infrastructure" and what they could do to help America's infrastructure.

Republicans on the panel said that P3s can "provide benefits, especially in high cost and technically complex projects." Panel Democrats said that while they can provide a benefit to help offset costs, federal involvement and federal funding for infrastructure could not be replaced by the private sector.

As both the House and Senate consider and debate infrastructure legislation in the year ahead, the opportunity will arise to determine if and how P3s can play a role in helping meet project costs.

We look forward to having you join the Transportation Committee on our conference call at 10:00 on Thursday, February 5th. (A conference call number will be provided prior to the call). If you would like to discuss any or all of these topics listed above, or if you would like to discuss a different transportation topic, we would appreciate having you on the call and offering your input. Please let me know if you would like further information about these or any other issues the House and Senate are expected to address in the 114th Congress.

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