## TRANSPORTATION WEEKLY

## UPDATE - STIMULUS CONFERENCE REPORT FILED, HOUSE VOTE FRIDAY

THURSDAY, FEBRUARY 12, 2009 - 11:40 P.M.

The House-Senate conference committee reconciling the differing versions of the economic stimulus bill (H.R. 1) has filed its conference report. The text of the conference report may be viewed online at http://rules.house.gov (bear in mind these are very large scanned PDF files).

The House is scheduled to vote on the conference report on Friday afternoon. The timing of the Senate vote is up in the air. It requires no less than 60 votes to waive the Budget Act, borrow $\$ 789$ billion, and pass the conference report through the Senate. All 58 Democrats plus the three Republicans who voted for it earlier this week make 61. However, news reports indicate that Sen. Ted Kennedy (D-MA) is now too ill to travel to Washington, taking the total announced support for the bill down to 60 votes. And the mother of Sen. Sherrod Brown (D-OH) has passed away, and her funeral ceremonies are Friday night and Saturday morning in Ohio. So unless more than three Republicans support the conference report, the vote must either be held Friday morning or after Saturday afternoon. Scheduling a Friday morning vote would require the unanimous consent of the Senate.

The conference report appropriates $\$ 48.12$ billion for the U.S. Department of Transportation, more than either the House bill or the Senate amendment. The overage is due to the astoundingly high level of non-Amtrak rail funding in the bill.

RAIL. The House bill appropriated $\$ 300$ million for intercity passenger rail grants. The Senate bill appropriated $\$ 250$ million
for that program and added $\$ 2$ billion for high-speed rail projects.
The conference report combines those two programs into one and appropriates EIGHT BILLION DOLLARS for it. (Gulp.) The language in the conference report does not specify how much of that eight billion must go for normal-speed rail and how much must go for high-speed rail.

To put this number in perspective, just last year, Congress enacted an authorization law setting spending targets for both these programs. The intercity passenger rail authorizations totaled \$1.9 billion over five years and the high-speed rail authorizations totaled $\$ 1.5$ billion over five years. That adds up to $\$ 3.4$ billion. Over five years. The stimulus bill appropriates over twice that amount, all at once.

The money is appropriated for "an additional amount for section 501 of Public Law 110-432 and discretionary grants to States to pay for the costs of projects described in paragraphs (2)(A) and (2)(B) of section 24401 of title 49, United States Code, subsection (b) of section 24105 of such title". The funds are available for obligation through the end of FY 2012.

The provision also states that "the Secretary shall waive the requirement that a project conducted using funds provided under this heading be in a State rail plan developed under chapter 227 of title 49, United States Code". The federal share of project cost is 100 percent.

Other provisions of the conference agreement include:
HIGHWAYS. As reported earlier, the conference report contains $\$ 27.5$ billion in formula grants to states for highways and bridges. After set-asides for federal lands, territories, oversight and other items, $\$ 27.66$ billion should be apportioned to states (and
D.C.) via formula. The bill splits the difference between the House and Senate apportionment formulas - half of the $\$ 27.66$ billion will be apportioned to states via the STP formula (as under the Senate bill) and the other half will be apportioned via the FY 2008 obligation limitation ratio distribution (as under the House bill).

The conference report retains Senate language allowing states to use portions of their highway apportionment for "projects that address stormwater runoff, investments in passenger and freight rail transportation, and investments in port infrastructure". Of each state's apportionment, 30 percent must be sub-allocated on the basis of population and three percent must be set aside for transportation enhancements.

States will have 120 days after apportionment (apportionment must be made within 21 days of the law's enactment) to obligate the first 50 percent of their highway apportionments and until one year after apportionment to obligate the remainder.

MASS TRANSIT. The bill provides a total appropriation of \$8.4 billion for the Federal Transit Administration. $\$ 6.9$ billion goes towards capital formula grants, $\$ 750$ million goes towards fixed guideway modernization formula grants, and $\$ 750$ million goes towards new starts.

The $\$ 6.9$ billion is apportioned via three different formulas: $80 \%$ by the urbanized area formula, $10 \%$ by the non-urbanized area formula, and $10 \%$ by the high growth and high density state formula. $\$ 100$ million is set aside off the top for discretionary grants for making transit systems more energy-efficient.

States will have 120 days after apportionment (apportionment must be made within 21 days of the law's enactment) to obligate the first 50 percent of their highway apportionments and until one year after apportionment to obligate the remainder.

The rail modernization money faces a 180 -day redistribution of any unobligated portion of the first 50 percent of its funding.

AMTRAK. The conference report provides an $\$ 850$ million appropriation for Amtrak capital grants (the same as the Senate bill) but also appropriates $\$ 450$ million through the Department of Transportation for Amtrak security upgrades. (There is also $\$ 150$ million for rail and transit security grants under the Department of Homeland Security.)

DISCRETIONARY GRANTS. The conference report includes a $\$ 1.5$ billion appropriation for a new program of discretionary grants for surface transportation projects (proposed by the Senate at $\$ 5.5$ billion). However, the conference report does not contain provisions in the Senate bill that would have added funds to this program by transferring any unused highway and transit formula money to the discretionary grants at final redistribution time.

Eligible projects shall include, but not be limited to, title 23eligible highway and bridge projects, transit projects eligible under chapter 53 of title 49 U.S.C., passenger rail and freight rail transportation projects, and port infrastructure investments including multimodal port facilities. Maximum grant size is $\$ 300$ million and minimum grant size is $\$ 20$ million (but the Secretary of Transportation can waive the minimum size threshold) and not more than 20 percent of the $\$ 1.5$ billion can be allocated to any particular state. The federal share of all project costs is 100 percent..

AVIATION. The conference report appropriates $\$ 1.1$ billion for supplemental airport improvement grants and another $\$ 200$ million for Federal Aviation Administration procurement. The federal share of AIP project cost funded by the bill is 100 percent. (Within the DHS budget, $\$ 1.0$ billion is given for Transportation Security

Administration procurement and deployment of explosive detection systems at airports).

MARITIME. The conference report gives $\$ 100$ million to the Maritime Administration's aid program for small shipyards, as proposed by the Senate. (The DHS budget includes $\$ 142$ million for the Coast Guard for the alteration of bridges program, and $\$ 98$ million for Coast Guard procurement.) The DHS budget provides $\$ 150$ million for port security grants.

WATER. The conference report contains $\$ 4.6$ billion for the water resources programs of the Army Corps of Engineers, as proposed by the Senate, and $\$ 6$ billion for state revolving funds for wastewater and drinking water treatment plans ( $\$ 4$ billion for wastewater plans and $\$ 2$ billion for drinking water treatment plants).

TAXES. In the text of the tax title (Division B, title I of the conference report), pay attention to the following sections:

- Sec. 1151 which increases the maximum tax-free employerprovided mass transit benefit from $\$ 120$ per month to $\$ 230$ per month (the same as the maximum free parking benefit) and indexes the total for subsequent inflation.
- Sec. 1503 which prevents interest on private activity bonds issued in 2009 and 2010 from being treated as a tax preference under sec. 57(a) of the tax code.
- Sec. 1504 which lowers the minimum speed a high-speed rail project can be able to maintain to be eligible for high-speed rail bonds under sec. 142(i) of the tax coded.
- Sec. 1531 which allows certain state and local "Build America" bonds issued by the end of 2011 to pay a federal tax credit equivalent to 35 percent of the interest due.
- Sec. 1601 which applies the Davis-Bacon prevailing wage scheme to all projects funded by new energy bonds,
economic recovery bonds, school construction bonds, or QZABs under the Act.

SUMMARY TABLES. Attached to this email is a three-page PDF document. The first page shows the funding levels for each transportation or transportation-related infrastructure appropriations account in the conference report. The second page shows our best guess as to how much highway funding each state will receive under the conference report. The third page shows our best guess as to how much transit formula funding each state will receive under the conference report. (Realizing of course that estimating transit formula funding by state is inherently inaccurate because one can never know precisely how much money a multistate transit agency will spend in any particular state in a given year). More official tables will be coming from House committees later this weekend.

# TRANSPORTATION AND INFRASTRUCTURE SPENDING LEVELS IN THE CONFERENCE REPORT ON THE ECONOMIC STIMULUS BILL (H.R. I) 

| U.S. Department of Transportation |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| OST | Competitive surface transportation grants | \$ |  | \$ | 5,500,000,000 | \$ | 1,500,000,000 |
| FAA | Facilities and equipment | \$ |  | \$ | 200,000,000 | \$ | 200,000,000 |
| FAA | Airport improvement grants | \$ | 3,000,000,000 | \$ | 1,100,000,000 | \$ | 1,100,000,000 |
| FHWA | Highways and bridges | \$ | 30,000,000,000 | \$ | 27,060,000,000 | \$ | 27,500,000,000 |
| FRA | Intercity passenger rail* | \$ | 300,000,000 | \$ | 250,000,000 | \$ |  |
| FRA | High-speed rail projects* | \$ | - | \$ | 2,000,000,000 | \$ | - |
| FRA | High-speed rail and intercity pass. rail* | \$ |  | \$ |  | \$ | 8,000,000,000 |
| FRA | Amtrak capital grants | \$ | 800,000,000 | \$ | 850,000,000 | \$ | 850,000,000 |
| FRA | Amtrak security upgrades | \$ | - | \$ | - | \$ | 450,000,000 |
| FTA | Transit formula grants | \$ | 7,500,000,000 | \$ | 8,400,000,000 | \$ | 6,900,000,000 |
|  | Formula grants: Urbanized area formula | \$ | 6,750,000,000 | \$ | 5,964,000,000 | \$ | 5,520,000,000 |
|  | Formula grants: Nonurbanized area formula | \$ | 750,000,000 | \$ | 840,000,000 | \$ | 690,000,000 |
|  | Formula grants: Dense/fast growth formula | \$ |  | \$ | 1,596,000,000 | \$ | 690,000,000 |
| FTA | Transit fixed guideway modernization | \$ | 2,000,000,000 | \$ | - | \$ | 750,000,000 |
| FTA | Transit new starts | \$ | 2,500,000,000 | \$ | - | \$ | 750,000,000 |
| MARAD | Assistance to small shipyards | \$ |  | \$ | 100,000,000 | \$ | 100,000,000 |
| OIG | Office of Inspector General | \$ | 20,000,000 | \$ | 7,750,000 | \$ | 20,000,000 |
| Total | I, USDOT |  | 46,120,000,000 | \$ | 45,467,750,000 | $\$$ | 48,120,000,000 |


| U.S. Department of Homeland Security |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Admin. | Account | House Passed |  | Senate Amend. |  | Conference |  |
| DHS | Under Sec. for Management (new HQ) | \$ |  | \$ | 198,000,000 | \$ | 200,000,000 |
| DHS | Office of Inspector General | \$ | 2,000,000 | \$ | 5,000,000 | \$ | 5,000,000 |
| CBP | Salaries and expenses (sea port EDS) | \$ | 100,000,000 | \$ | 198,000,000 | \$ | 160,000,000 |
| CBP | Border security fencing | \$ |  | \$ | 200,000,000 | \$ | 100,000,000 |
| CBP | Construction (land ports of entry) | \$ | 150,000,000 | \$ | 800,000,000 | \$ | 420,000,000 |
| ICE | Automation modernization | \$ | - | \$ | 27,800,000 | \$ | 20,000,000 |
| TSA | Aviation security (EDS/checkpoints) | \$ | 500,000,000 | \$ | 1,000,000,000 | \$ | 1,000,000,000 |
| USCG | Acquisition, construction \& improvements | \$ | - - | \$ | 450,000,000 | \$ | 98,000,000 |
| USCG | Alteration of bridges | \$ | 150,000,000 | \$ | 240,400,000 | \$ | 142,000,000 |
| FEMA | Management and administration | \$ | - | \$ | 6,000,000 | \$ | - |
| FEMA | State and local programs | \$ | - | \$ | 950,000,000 | \$ | 300,000,000 |
|  | S\&LP: Transit and rail security grants | \$ | - | \$ | 100,000,000 | \$ | 150,000,000 |
|  | S\&LP: Port security grants | \$ |  | \$ | 100,000,000 | \$ | 150,000,000 |
|  | S\&LP: Emergency operations centers | \$ |  | \$ | 250,000,000 | \$ |  |
|  | S\&LP: Critical infrastructure grants | \$ |  | \$ | 500,000,000 | \$ |  |
| FEMA | Firefighter assistance grants | \$ | - | \$ | 500,000,000 | \$ | 210,000,000 |
| FEMA | Emergency food and shelter | \$ | 200,000,000 | \$ | 100,000,000 | \$ | 100,000,000 |
| FLETC | Acquisition, construction \& improvements | \$ | - | \$ | 15,000,000 | \$ |  |
| Total | I, USDHS | \$ | 1,102,000,000 | \$ | 4,690,200,000 | \$ | 2,755,000,000 |



HIGHWAY FORMULA FUNDING IN THE FINAL STIMULUS CONFERENCE REPORT

| (Dollar amounts in thousands of dollars) |  |  |  | Breakdown of Final |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | House | Senate | Final |  |  |  |
| Total highway appropriation | 30,000,000 | 27,060,000 | 27,500,000 |  |  |  |
| Set-aside for Indian reservation roads: | 300,000 | 320,000 | 310,000 |  |  |  |
| Set-aside for National park roads: | 250,000 | 100,000 | 170,000 |  |  |  |
| Set-aside for forest highways: | - | 70,000 | 60,000 |  |  |  |
| Set-aside for refuge roads: | - | 10,000 | 10,000 |  |  |  |
| Set-aside for ferry boats: | - | 60,000 | 60,000 |  |  |  |
| Set-aside for FHWA admin./other: | 100,000 | 12,000 | 80,000 |  |  |  |
| Set-aside for Puerto Rico/territories:* | 154,207 | 132,440 | 150,000 | At State | Sub-Alloc. | Transp. |
| Remainder, to be apportioned: | 29,195,793 | 26,355,560 | 26,660,000 | Discretion | By Pop. | Enhancem. |
| ALABAMA | 559,666 | 510,389 | 513,692 | 344,174 | 154,108 | 15,411 |
| ALASKA | 238,322 | 132,440 | 175,461 | 117,559 | 52,638 | 5,264 |
| ARIZONA | 586,554 | 502,431 | 521,958 | 349,712 | 156,588 | 15,659 |
| ARKANSAS | 370,303 | 360,744 | 351,544 | 235,535 | 105,463 | 10,546 |
| CALIFORNIA | 2,796,972 | 2,554,368 | 2,569,568 | 1,721,611 | 770,870 | 77,087 |
| COLORADO | 412,851 | 425,788 | 403,924 | 270,629 | 121,177 | 12,118 |
| CONNECTICUT | 391,354 | 243,836 | 302,054 | 202,376 | 90,616 | 9,062 |
| DELAWARE | 120,854 | 132,440 | 121,829 | 81,625 | 36,549 | 3,655 |
| DIST. OF COL. | 124,532 | 132,440 | 123,508 | 82,750 | 37,052 | 3,705 |
| FLORIDA | 1,461,783 | 1,342,640 | 1,346,735 | 902,312 | 404,021 | 40,402 |
| GEORGIA | 1,045,903 | 897,639 | 931,586 | 624,162 | 279,476 | 27,948 |
| HAWAII | 129,435 | 132,440 | 125,746 | 84,250 | 37,724 | 3,772 |
| IDAHO | 216,573 | 164,198 | 181,935 | 121,896 | 54,580 | 5,458 |
| ILLINOIS | 1,001,676 | 945,433 | 935,593 | 626,847 | 280,678 | 28,068 |
| INDIANA | 746,339 | 627,201 | 657,968 | 440,838 | 197,390 | 19,739 |
| IOWA | 353,045 | 389,443 | 358,162 | 239,969 | 107,449 | 10,745 |
| KANSAS | 317,232 | 401,224 | 347,817 | 233,038 | 104,345 | 10,435 |
| KENTUCKY | 457,310 | 419,755 | 421,095 | 282,134 | 126,328 | 12,633 |
| LOUISIANA | 470,649 | 425,063 | 429,859 | 288,006 | 128,958 | 12,896 |
| MAINE | 138,665 | 133,323 | 130,752 | 87,604 | 39,226 | 3,923 |
| MARYLAND | 478,655 | 419,971 | 431,035 | 288,793 | 129,310 | 12,931 |
| MASSACHUSETTS | 506,364 | 408,468 | 437,865 | 293,370 | 131,360 | 13,136 |
| MICHIGAN | 875,167 | 884,624 | 847,205 | 567,627 | 254,161 | 25,416 |
| MINNESOTA | 477,633 | 561,776 | 502,284 | 336,530 | 150,685 | 15,069 |
| MISSISSIPPI | 353,025 | 382,311 | 354,564 | 237,558 | 106,369 | 10,637 |
| MISSOURI | 688,320 | 638,286 | 637,122 | 426,872 | 191,137 | 19,114 |
| MONTANA | 277,453 | 168,286 | 211,793 | 141,902 | 63,538 | 6,354 |
| NEBRASKA | 230,261 | 257,910 | 235,589 | 157,845 | 70,677 | 7,068 |
| NEVADA | 217,736 | 201,570 | 201,352 | 134,906 | 60,406 | 6,041 |
| NEW HAMPSHIRE | 137,526 | 132,440 | 129,441 | 86,725 | 38,832 | 3,883 |
| NEW JERSEY | 777,809 | 586,516 | 651,774 | 436,689 | 195,532 | 19,553 |
| NEW MEXICO | 281,159 | 245,711 | 252,644 | 169,272 | 75,793 | 7,579 |
| NEW YORK | 1,354,887 | 992,306 | 1,120,685 | 750,859 | 336,205 | 33,621 |
| NORTH CAROLINA | 802,259 | 729,907 | 735,527 | 492,803 | 220,658 | 22,066 |
| NORTH DAKOTA | 194,498 | 160,775 | 170,126 | 113,985 | 51,038 | 5,104 |
| OHIO | 1,036,087 | 914,599 | 935,677 | 626,904 | 280,703 | 28,070 |
| OKLAHOMA | 464,228 | 499,512 | 464,655 | 311,319 | 139,397 | 13,940 |
| OREGON | 349,352 | 344,745 | 333,902 | 223,715 | 100,171 | 10,017 |
| PENNSYLVANIA | 1,254,267 | 897,061 | 1,026,429 | 687,707 | 307,929 | 30,793 |
| RHODE ISLAND | 154,292 | 132,440 | 137,096 | 91,854 | 41,129 | 4,113 |
| SOUTH CAROLINA | 479,859 | 482,315 | 463,081 | 310,265 | 138,924 | 13,892 |
| SOUTH DAKOTA | 198,689 | 182,487 | 183,027 | 122,628 | 54,908 | 5,491 |
| TENNESSEE | 613,114 | 578,765 | 572,701 | 383,710 | 171,810 | 17,181 |
| TEXAS | 2,420,703 | 2,263,163 | 2,250,015 | 1,507,510 | 675,005 | 67,500 |
| UTAH | 221,325 | 222,407 | 213,546 | 143,076 | 64,064 | 6,406 |
| VERMONT | 129,533 | 132,440 | 125,791 | 84,280 | 37,737 | 3,774 |
| VIRGINIA | 745,537 | 699,909 | 694,461 | 465,289 | 208,338 | 20,834 |
| WASHINGTON | 529,547 | 495,070 | 492,242 | 329,802 | 147,673 | 14,767 |
| WEST VIRGINIA | 243,473 | 197,039 | 210,852 | 141,271 | 63,256 | 6,326 |
| WISCONSIN | 563,779 | 537,075 | 529,112 | 354,505 | 158,734 | 15,873 |
| WYOMING | 199,237 | 132,440 | 157,616 | 105,603 | 47,285 | 4,728 |
| TOTAL | 29,195,793 | 26,355,560 | 26,660,000 | 17,862,200 | 7,998,000 | 799,800 |

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Final apportionments calculated using formula shares from tables previously provided by FTA to the T\&I Committee, plugging those shares into the 80-1010 split in the conference report, after taking out the oversight and Indian set-asides in the conference report.


[^0]:    Final apportionments calculated using the numbers provided by FHWA to the T\&I Committee for the ob lim ratio half of the final formula and the actual October 12008 STP apportionment shares for FY 2009 for the STP half of the final formula. The conference report specifies that 30\% of each state's total apportionment is sub-allocated by population and $3 \%$ is for enhancements.

