(SEE H.R. 3566)

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

August 1, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2950 - Intermodal Surface Transportation Infrastructure Act of 1991
(Mineta (D) California and 10 others)

The Administration supports improvements and reforms to the Federal-aid highway, transit, and highway safety programs. Nevertheless, the President's senior advisors would recommend that he veto H.R. 2950 in its current form because of several significant problems, including:

-- Reliance on an increase in the Federal gas tax.

-- The language in section 732 which requires CBO estimates to be used for purposes of pay-as-you-go scoring.

-- A requirement that spending be scored in a manner that violates the requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA). This requirement changes certain spending that OBRA classifies as discretionary to mandatory, and attempts to alter the pay-as-you-go mechanism specified in OBRA in order to allow the spending increase to be financed by new taxes.

-- Reductions from current law in State and local matching requirements for certain highway and transit programs. These reductions would substantially diminish the ability of Federal assistance to leverage increased State and local expenditures for transportation.

-- Curtailment of the ability of Congress and the Executive branch to respond to yearly changes in fiscal conditions by effectively limiting the ability of appropriations committees to establish obligation limitations.

-- An increase in the percentage of Federal transit assistance made available for operating/supplies subsidies.

-- An authorization for increased outlays for Federal transit assistance from the General Fund, rather than from the Highway Trust Fund.

-- Designation of high priority highway corridors, without State concurrence, which could potentially result in substantial unfunded total costs after FY 1996.

-- Failure to fund adequately the National Highway System (NHS).

-- Earmarking: (1) over $6.8 billion for over 450 highway demonstration projects, (2) more funding than the bill makes available for new transit projects, and (3) funding for specified research projects. It is not clear that the designated projects could compete successfully with other projects in the normal selection process.

-- Weakening the application of existing statutory criteria for new transit projects and eliminating the role of the Department of Transportation in assuring that only the most cost-effective new fixed guideway transit projects are funded.

-- Failure to eliminate State regulation of rates and routes of interstate motor carriers, and the non-uniform State fuel tax reporting imposed on interstate carriers.

-- Overly-restrictive allocations of urban and rural transit obligation authority. These allocations deny States and localities the necessary flexibility to target spending to their most pressing transportation needs.

In addition, the Administration believes that H.R. 2950 should be amended to incorporate several reforms set forth in the Administration's surface transportation reauthorization proposal (H.R. 1351). These include provisions:

-- providing flexibility between highway and transit funds aimed at local and regional travel;

-- streamlining procedures for approving all non-NHS projects, as well as small NHS and Interstate projects;

-- basing any increase in highway safety funds on a program of bonuses to the States for specific safety accomplishments;

-- reforming "Buy America" requirements applicable to highway and transit programs;

-- providing adequate funding for Forest and Park Roads and Parkways; and

-- making international transportation outreach activities discretionary (rather than mandatory, as provided in section 604) and ensuring cooperation with the Department of Commerce. This would enable the Department of Transportation to implement these activities in a manner which does not duplicate similar activities by the Department of Commerce.

Finally, the Administration recommends deletion of section 138, which would unnecessarily exempt the Rural Electrification Administration from government-wide requirements for acquisition under the Uniform Relocation Assistance and Real Property Acquisition Policies Act.

Scoring for the Purpose of Pay-As-You-Go

Section 104 of H.R. 2950 contains directed scorekeeping provisions. Section 732 of H.R. 2950 contains the CBO pay-as-you-go scoring language required by House Rule XXI. (The actual CBO estimates are not contained in the version of section 732 available to OMB at the time this Statement was prepared.) Both of these provisions violate OBRA and are among the bases for the veto recommendation contained in this Statement.

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