



# Transfer

Surface Transportation Policy Project's Electronic Update

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### **House Approves TEA-21 Renewal Plan, Conferees Expected to Begin Negotiations After Easter Recess**

The U.S. House of Representatives April 2 approved legislation (H.R. 3550) to renew the nation's surface transportation law (TEA-21), proposing to allocate more than \$275 billion in federal funds for highways, bridges, transit and safety programs over six years.



After two days of debate and consideration of 23 pending amendments, House members passed the legislation by a vote of 357-60, an action that now sets the stage for Senate and House negotiations on a compromise bill. When Congress resumes work after the Easter recess, the House and Senate will appoint their respective leaders or conferees to begin negotiations to hammer out a final conference agreement.

As approved by the House, H.R. 3550 provides \$51.5 billion for transit programs, about \$217.5 billion in obligation limitations to the states for highway programs, another \$4.4 billion for state equity funds and emergency relief, and the remaining funds for research, safety and other activities. According to the Administration's estimates, the House bill authorizes a total of \$284 billion, well above the \$275 billion that Speaker Hastert agreed to bring to the House floor and the Administration's request of \$256 billion.

Importantly, the House bill more closely aligns available budget authority, which includes apportionments to the states, with funds that can actually be expended (e.g. obligation limitations, guaranteed spending). This alignment of authorized spending with actual spending authority has been a priority for the STPP coalition.

During the House debate, Members largely dismissed the Bush Administration's objections to the bill's funding level, its "trigger" provision to force spending hikes next year as well as other key concerns. To view the Administration's Statement of Policy (SAP) on H.R. 3550, go to: <http://www.whitehouse.gov/omb/legislative/sap/108-2/hr3550sap-h.pdf>

STPP and its coalition partners have given the final House bill

mixed reviews, while acknowledging positive provisions that seek to respect existing law protections and standards for the environment and communities, most notably for clean air, parks, recreation areas, and wildlife and waterfowl refuges, and that affirm the rights of resource agencies to fulfill their obligations under other statutes.

Importantly, H.R. 3550 preserves the basic ISTEA/TEA-21 program structure, although it diminishes resource commitments to funding the core program categories. It includes selected new initiatives such as the \$1 billion commitment to a new Safe Routes to Schools program and a small pilot program for Transit in Parks that have been STPP coalition priorities. It provides for strong funding commitments to the transit program, follows the 80/20 funding split between highways and transit and retains the 80/20 matching share for all projects. For STPP President Anne Canby's statement on the legislation, please go to: <http://www.transact.org/news.asp?id=45>

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### **House Pushes Aside Efforts to Address State Funding Equity**

House members from states that expected further progress on the donor/donee issue through upward adjustments in TEA-21's minimum 90.5 percent rate of return failed to amend H.R. 3550 during Committee action and during floor debate. Rep. John Mica (R-FL) withdrew his equity amendment during Committee markup and an amendment offered by a group of Members, led by Johnny Isakson (R-GA), was defeated on a 170-251 vote.

As passed by the House, TEA-21's minimum guarantee of at least 90.5 percent return is preserved, but it applies to a smaller base of funding. TEA-21's minimum guarantee applied to about 93 percent of total highway dollars, as opposed to 84 percent under H.R. 3550. Funds for special member projects were in the base in TEA-21 but are excluded under H.R. 3550. In addition, H.R. 3550's shifts a larger share of the new dollars to fund new categorical programs, such as projects of national and regional significance and dedicated truck lanes. Funds for these programs, which total more than \$23 billion, will be directed by Members of Congress and/or by the Bush Administration, rather than allocated by program formula to the states.

Committee leaders did pledge to make adjustments to provide more certainty for states that fall under the minimum guarantee, explaining that higher resource levels are key to providing more assurances to these states.

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### **Commitment to Core Programs Diminished Under House Bill**

Given the structure of H.R. 3550 and its emphasis on the establishment of new programs that will not be allocated to the states by formula, there is some erosion of the funding commitment to the core program categories, including the Surface Transportation Program and the Congestion Mitigation and Air Quality Improvement Program.

In addition, unlike the Senate approach, the House elected not to allocate all of the equity funds back to the core programs. The emphasis on new categorical spending, combined with not allocating unprogrammed dollars under the minimum guarantee program, delivering more modest gains for the five core programs under H.R. 3550. To illustrate this point, STPP prepared a funding chart that depicts the relative funding under the core programs under TEA-21, the Administration's SAFETEA bill, the Senate's SAFETEA bill (S. 1027) and the House's TEA-LU bill (H.R. 3550). To view the STPP chart, go to: [http://www.transact.org/PDFs/core\\_program\\_comparison.pdf](http://www.transact.org/PDFs/core_program_comparison.pdf)

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### **Rules Committee Rejects Many Amendments, Including Funding Guarantees for CMAQ Program**

Prior to floor action, the House Rules Committee heard from House Members who wanted to offer 59 amendments to the bill, approving only 23 for consideration by the House of Representatives.

One amendment proposed by Rep. Eddie Bernice Johnson (D-TX) sought to guarantee clean air funding to local areas under the CMAQ program, but the Committee did not rule this amendment in order for action on the floor.

Johnson's effort was aimed at requiring states to commit fair share (i.e. proportional obligation) funding to the CMAQ program and ensure that larger metropolitan areas were assured of annual funding (i.e. suballocation), similar to the provisions now in effect for larger areas under the Surface Transportation Program.

During the House floor debate, however, Rep. Johnson did get a commitment from Rep. William Lipinski (D-IL), one of the Transportation Committee leaders, to revisit the underspending of CMAQ dollars and related issues in a future bill, such as a technical corrections bill or the reopener bill next year. To view Rep. Johnson's colloquy on the House floor, go to:

[http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2004\\_record&page=H1808&position=all](http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2004_record&page=H1808&position=all)

An amendment by Rep. Mark Kennedy (R-MN) to allow for

tolling for new highways-only and [that](#) also deleted more balanced Committee provisions on tolling authority on existing facilities, was adopted by the House over the objections of state transportation officials and STPP coalition partners. The opposition to the amendment was led by Rep. Earl Blumenauer (D-OR).

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### **House Approves Funding Disclosure Change**

In the end, the Rules Committee made 23 amendments in order, which were subsequently debated and acted upon during deliberations on the bill. While a handful of amendments were accepted by Committee leaders during floor action, most were defeated, either by voice vote or by recorded vote.

One that was accepted was another Johnson amendment that requires the Federal Highway Administration to report annually to the public on the use of federal transportation funds by the states, an amendment strongly supported by STPP and many other organizations. Specifically, it amends current law requirements that the Federal Highway Administration deliver its Section 104(j) annual use of funds report to the public at the same time it is delivered to Congress, requiring that this information be made available via the Internet in a "user-friendly format." To view the debate, go to:

[http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2004\\_record&page=H1984&position=all](http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2004_record&page=H1984&position=all)

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### **House Managers' Amendment Proposed Numerous Changes**

The House did approve a large "Managers' Amendment" that included additional changes and modifications to the Committee-adopted bill that passed earlier in the House Transportation and Infrastructure Committee.

In this package were provisions that provided for the additional revenues for the bill as well as provisions negotiated with the House Science Committee on the research title including a strengthening of the Bureau of Transportation Statistics (BTS).

The managers' package also provided additional member project earmarks and some support for short line railroads. There were further revisions to environmental provisions of the bill, such as the inclusion of a 5-state pilot program on NEPA delegation that is limited to ITS and Transportation Enhancement projects. On clean air, areas are given 12 months before a conformity lapse occurs and there is a requirement that the MPO and air agency must agree before the current 20-year conformity horizon in long-term plans is reduced to 10

years.

Finally, Rep. Earl Blumenauer (D-OR) was able to secure a \$9 million (\$1.5 million annually) pilot program to support innovations by MPOs and states in improving their planning and public engagement efforts in the managers' amendment.

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### **U.S. PIRG Report Finds that Expanding Roadway Capacity Results in More Tailpipe Emissions**

A report released last month from the U.S. Public Interest Research Group (PIRG) finds a clear and highly significant link between roadway capacity and air pollution from cars and trucks. The report, "More Highways, More Pollution: Road-building and Air Pollution in America's Cities," analyzes FHWA data on major roadway capacity and EPA data on air pollution, and reviews the current academic literature examining road building and traffic congestion.

Contrary to claims by the American Highway Users Alliance that adding roadway capacity will reduce tailpipe emissions, the PIRG report shows that road building actually exacerbates air pollution by inducing additional motor vehicle travel. Emission reductions achieved through improving traffic flow are outstripped by the overall growth in miles traveled. According to PIRG's analysis, if large metro areas continue to expand roadway capacity over the next decade by 14.6 percent (the average rate of growth for urban areas during the 1990s), they could expect to see emissions of smog-forming pollutants grow by nearly 11 percent.

To read the PIRG report, please visit <http://uspirg.org/uspirg.asp?id2=12484&id3=USPIRG&>

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### **Brookings Report Finds that Smart Growth Development Helps Improve Regional Economic Performance**

In a new discussion paper from the Brookings Center on Urban and Metropolitan Policy, authors Mark Muro and Rob Puentes review current academic research and find that smart growth development saves taxpayers money and improves regional economic performance. The paper, "Investing in a Better Future: A Review of the Fiscal and Competitive Advantages of Smarter Growth Development Patterns" reviews nearly 70 papers and reports on development patterns and economics from well known researchers including Robert Burchell, Robert Cervero, Anthony Downs, Richard Florida, Arthur Nelson, and Richard Voith.

In short, the Brookings paper finds that smart growth development has three principle advantages over more sprawling development. First, the cost of building infrastructure and providing services are significantly lower, with potential nationwide savings over the next 25 years of \$110 billion for

road-building to \$12.6 billion for water and sewer costs. Second, productivity and overall economic performance are improved through the creation of dense labor markets, vital urban centers, efficient transportation centers, and a high "quality-of-place." Finally, Brookings finds that suburbs also benefit economically from investments in healthy urban cores.

To read the full Brookings report, go to [http://www.brookings.edu/urban/publications/200403\\_smartgrowth.htm](http://www.brookings.edu/urban/publications/200403_smartgrowth.htm)

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### **GAO Finds Privately-Financed Transportation Is Limited**

A March 25 GAO study looking at private investment in transportation projects found that only a handful of major projects have employed this form of innovative financing. Those six projects - five toll roads and one transit project - have offered both major advantages and drawbacks to state and local governments. On the positive side, privately-financed transportation projects can be completed more quickly than publicly-financed projects, and also allow states to conserve scarce transportation funding. However, states and local governments may suffer from political fall-out and limited flexibility. Most notably, states and local governments sacrificed the ability to adjust toll rates and make improvements to the privately-financed roads. These constraints proved so severe in the California example that the public sector purchased the privately-financed toll road from the consortium that had built it.

GAO also notes that private sector consortia have had "limited opportunities to participate in transportation infrastructure and have faced barriers to financial success." With only some states having the legal authority to permit privately-financed transportation projects, and others wary of toll roads, few states have encouraged private financing. Further, even where privately-financed projects are permitted, most projects take years to recoup the initial investment.

GAO's report, "Highways and Transit: Private Sector Sponsorship of and Investment in Major Projects Has Been Limited," can be found at <http://www.gao.gov/new.items/d04419.pdf>

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