Soy Transportation Coalition Washington Report

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Legislation

House committee approves surface transportation bill. On Friday, February 3rd, the House Transportation and Infrastructure Committee approved the "American Energy and Infrastructure Jobs Act" (H.R. 7) – legislation to reauthorize the nation's surface transportation system.

"No other bill this Congress will create jobs, lower energy costs or improve our deteriorating infrastructure as effectively as this legislation," explained Congressman John Mica (R-FL), Chairman of the House Transportation and Infrastructure Committee. "With millions out of work, particularly in the construction industry, Americans deserve a long-term transportation, energy and jobs bill from Congress."

The American Energy & Infrastructure Jobs Act authorizes approximately $260 billion over five years to fund federal highway, transit and safety programs, consistent with current funding levels. Congress normally reauthorizes surface transportation legislation every six years.

Currently, the legislation contains no earmarks. The last surface transportation law approved by Congress in 2005 contained over 6,300 earmarks.

The legislation calls for new fees on expanded oil drilling to help fund transportation programs — an idea that Democratic leaders have adamantly opposed.

The current surface transportation plan, the "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users" (SAFETEA-LU), had an expiration date of September 30, 2009. Since Congress was unable to reach consensus on a new six year authorization, the current legislation has repeatedly been extended. The current extension expires on March 31, 2012.

The full House of Representatives is expected to consider H.R. 7 later this month. Leaders of the Senate Environment and Public Works Committee have proposed a competing two year $109 billion surface transportation bill.

The infrastructure projects and overall plan stipulated by SAFETEA-LU are primarily financed by an 18.4 cent tax per gallon of gasoline purchased and a 24.4 cent tax per gallon of diesel fuel. This arrangement has proven to be unsustainable in adequately funding our nation's surface transportation needs. As a result, new funding mechanisms for the next surface transportation bill are being explored and debated. Finding a sustainable method of funding our surface transportation system remains the primary point of friction in advancing a new surface transportation bill.

In a recent testimony, the Congressional Budget Office projects the Highway Trust Fund – financed by the tax on gasoline and diesel fuel – will have a $12 billion balance at the end of the current fiscal year (September 30, 2012), a $3 billion balance by the end of 2013, and will reach zero by the end of 2014.

One of the amendments considered during the House committee meeting would have allowed states to increase truck weight and size limits.

The proposal, strongly opposed by the Association of American Railroads, would have allowed states to raise truck weight limits to 97,000 pounds, up from the current 80,000-pound threshold, provided the existence of a sixth axle. States also could have allowed double- and triple-trailer trucks to travel over longer distances, as well as permit trucks weighing up to 126,000 pounds to travel on the interstate system for up to 25 miles.

The amendment allowing heavier semis was removed from the bill and instead directed the U.S. Department of Transportation to conduct a study of the impact of increased truck weight and size limits on U.S. highway and bridge infrastructure, as well as traffic safety.

In 2009, the soybean checkoff funded an analysis on the impact of heavier semis on motorist safety, infrastructure wear and tear, and the cost savings to the soybean industry. The study compared a 97,000 lb, six axle semi configuration with an 80,000 lb, five axle configuration. The study discovered a 97,000 lb semi would accommodate 183 additional bushels of soybeans per truck load. Soybean farmers could expect $1.2 million in fuel savings when diesel prices are $2 per gallon and $2.5 million in savings when diesel is $4 per gallon. The reduced number of deliveries could result in farmers gaining an entire day of productivity if semi weight limits are increased.

Most importantly, the analysis showed the heavier semi – given the addition of a sixth axle – would not impose greater danger to fellow motorists or greater damage to the road.

<u>Other key provisions of "American Energy and Infrastructure Jobs Act":</u>

1. The bill would institute changes to the Railroad Rehabilitation and Improvement Financing (RRIF) program to encourage a higher level of participation and make the loan process under the program faster, and more efficient and predictable. In addition, high-speed rail projects would be included in the RRIF program.

   The RRIF program, administered by the Federal Railroad Administration, allocates direct loans and loan guarantees to railroads, state and local governments, and government-sponsored authorities for the purpose of acquiring, improving, or rehabilitating intermodal or rail equipment or facilities; refinancing outstanding debt; or establishing new intermodal or railroad facilities.

2. The American Energy and Infrastructure Jobs Act reforms surface transportation programs by consolidating or eliminating approximately 70 programs that are duplicative or do not serve a federal purpose.

3. The American Energy and Infrastructure Jobs Act eliminates a number of mandates that prevent states from being able to fund their most critical infrastructure needs. The bill ensures that states will no longer be required to spend highway funding on non-highway activities, although they will be permitted to fund such activities if deemed to be priorities. The bill also delegates more project approval authority to states.

House hearing highlights harbor maintenance. House Ways and Means Subcommittee on Oversight Chairman Charles Boustany (R-LA) and Subcommittee on Select Revenue Measures Chairman Pat Tiberi (R-OH) held a hearing on February 1st on harbor maintenance funding and maritime tax issues, with a particular focus on the Harbor Maintenance Trust Fund and Harbor Maintenance Tax.

"Our nation's harbors are a life blood of commerce," explains Boustany. "Years of chronic underfunding have severely limited ship traffic, prevented valuable cargo from moving efficiently, and adversely affected national, regional, and local economies. Funds collected by the HMTF should be utilized promptly and exclusively to keep our harbors open for business."

Boustany is the author of "The Realize America's Maritime Promise (RAMP) Act". The bill ensures funds brought into the Harbor Maintenance Trust Fund are used as originally intended – the dredging and maintenance of the nation's ports and waterways.

The Harbor Maintenance Trust Fund was established in 1986 and is funded via a 0.125 percent tax on the value of imports and domestic cargo arriving at U.S. Ports with federally maintained harbors and channels. The tax collects $1.3 to $1.6 billion annually.

In establishing the Harbor Maintenance Trust Fund, there was an understanding that revenue generated from the tax would be spent on dredging and channel maintenance. Instead, about half is spent on such projects. The balance is spent on other discretionary projects that are unrelated to harbor maintenance.

While there is a $6.1 billion surplus in the account, that money has already been spent. To regain that surplus or even to get 100 percent of the trust fund revenue in future years for harbor maintenance, it would require a reduction in spending in other areas, which will be a sizable challenge for this legislation to be successful.

Administration

USDOT announces 4th round of TIGER grant program. U.S. Transportation Secretary Ray LaHood announced on January 31st the availability of funding for transportation projects under a fourth round of the popular TIGER (Transportation Investment Generating Economic Recovery) Discretionary Grant program. TIGER 2012 will make $500 million available for surface transportation projects having a significant impact on the nation, a metropolitan area, or region.

The previous three rounds of the TIGER program provided $2.6 billion to 172 projects in all 50 states, the District of Columbia and Puerto Rico. Demand for the program has far exceeded available funds. Over the prior three rounds, the Department of Transportation received more than 3,348 applications requesting more than $95 billion for transportation projects across the country.

As in previous rounds, high-speed rail and intercity passenger rail projects remain eligible for funding. TIGER 2012 provides for the possibility of up to $100 million being used toward these projects. TIGER 2012 will also continue to encourage the development of transportation projects in rural areas, providing $120 million for rural transportation projects.

Projects will be evaluated on primary criteria that include safety, economic competitiveness, livability, environmental sustainability, state of repair and short-term job creation.

Pre-applications are due February 20, and applications are due March 19.

Army Corps of Engineers receives extra funding for dredging. The Army Corps of Engineers recently received $55 million in emergency funds to allow additional dredging on the lower Mississippi River. The funds, provided by an emergency supplemental spending bill passed, last December, are combined with the $70 million originally provided for dredging.

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