April 2, 2013

Legislation

Senate EPW Committee approves WRDA bill. On March 20th, the Senate Environment and Public Works Committee unanimously approved S.601, the Water Resources Development Act (WRDA) of 2013. The legislation is cosponsored by Senator Barbara Boxer (D-CA), Chairman of the Environment and Public Works (EPW) Committee and Senator David Vitter (R-LA), Ranking Member.

Senator Boxer said, "It is a great day for the American people, as WRDA is critical for flood control, port commerce, safe drinking water and wastewater infrastructure. I thank Senator Vitter and the other members of the EPW Committee for working together on this critical legislation."

Senator Vitter said, "WRDA is one of the most important and impressive bipartisan bills to come out of our committee, and I thank Chairman Boxer for her leadership getting this done so efficiently. Our bill will implement real and necessary reforms to the Corps of Engineers to decrease project delivery time so that folks will be better protected from flooding and other projects can help jumpstart increased commerce."

The legislation includes a number of provisions, including a requirement that all of the proceeds from the Harbor Maintenance Tax be used for their intended purposes, a pilot program to provide loans and loan guarantees for flood control, water supply, and wastewater projects, and provisions directed toward accelerating project delivery. The legislation does not include a remedy for funding the nation's poorly maintained inland waterway system. Senator Vitter has expressed hope that the issue will be addressed on the Senate floor.

Although the Water Resources Development Act is intended to be authorized every two years, Congress has not reauthorized the legislation since 2007. The 2007 WRDA bill was vetoed by President George W. Bush. Congress later voted to override the veto.

The House of Representatives is in the process of developing its version of WRDA. House Transportation and Infrastructure Chairman Bill Shuster (R-PA) has said WRDA is one of his highest priorities.

Senators introduce railroad antitrust bill. On March 21st, U.S. Senators Amy Klobuchar (D-MN) and David Vitter (R-LA) introduced the Railroad Antitrust Enforcement Act, which is designed to remove the rail industry's exemption from certain antitrust laws.

The bill would eliminate railroad antitrust exemptions in order to "help promote fairness and competition in the railroad industry."

"This legislation makes common sense reforms that will require the railroad industry to play by the same antitrust rules as other industries and will help keep costs down for businesses, farmers and consumers," said Klobuchar, who chairs the Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights.

According to the American Chemistry Council, the bill is a step toward more rail competition and a "level playing field" that will benefit shippers, railroads and the broader economy. The organization further explains, "Outdated exemptions from antitrust laws provide railroads with unique government protections that help shield them from free markets and competition."

Currently, railroads are subject to most of the nation's antitrust laws. In areas where they have antitrust exemptions, they are subject to regulation by the Surface Transportation Board (STB). The STB is the regulatory agency created by Congress to resolve railroad rate and service disputes and review proposed railroad mergers. The STB is administratively affiliated with the U.S. Department of Transportation.

According to the Association of American Railroads, the proposed legislation "actually singles out railroads for policies that could undermine the industry's ability to build, maintain and continuously upgrade the nation's rail infrastructure without taxpayer assistance."

Short line tax credit bill reintroduced. Last month, Congresswoman Lynn Jenkins (R-KS) along with Congressmen Earl Blumenauer (D-OR), Rodney Davis (R-IL), and Dan Lipinski (D-IL), and Senators John Rockefeller (D-WV), Mike Crapo (R-ID), Ron Wyden (D-OR), and Jerry Moran (R-KS) introduced legislation to extend the short line railroad tax credit. Originally enacted in 2004, the tax credit creates an incentive for short line railroads to invest private sector dollars on freight railroad track rehabilitation. The credit is scheduled to expire on December 31, 2013.

The legislation proposes to extend through 2016 the tax credit of 50 cents for every dollar the railroad will invest on track improvements. The bill also makes eligible those new short line railroads created after January 1, 2005 and before January 1, 2013. Since 2004, new short line railroads have been created, and several short lines have constructed new track to provide freight rail service to new rail customers. Expenses to maintain these lines would qualify for the tax credit. A cutoff date of January 1, 2013 is suggested to prevent the distortion of the economics of future line sales and to cap the cost of the legislation. The legislation proposes to maintain the credit cap of $3,500 per mile of track

There are more than 500 short line and regional railroads operating over 50,000 miles of track in the United States.

Administration

Obama unveils "Rebuild America Partnership" plan. President Barack Obama on March 29th unveiled a "Rebuild America Partnership" plan, which aims to bolster the nation's transportation infrastructure by encouraging private investments and providing $14 billion for transportation projects.

The plan calls for partnering with the private sector to fund projects. To do so, Obama is calling on Congress to enact a National Infrastructure Bank capitalized with $10 billion to leverage private and public capital, and to invest in a broad range of infrastructure projects "without earmarks or political influence."

"In addition, the Administration is proposing changes to the Foreign Investment in Real Property Tax Act aimed at enhancing the attractiveness of investment in U.S. infrastructure and real estate to a broader universe of private investors," said Obama.

The plan also would provide state and local governments access to a new America Fast Forward Bonds program that would build upon the example of the Build America Bonds program and broaden its use to include the types of projects that can be financed with qualified private activity bonds, he said.

Moreover, the plan would provide $4 billion in new competitive funding for the Transportation Investment Generating Economic Recovery (TIGER) and Transportation Infrastructure Finance and Innovation Act (TIFIA) programs in 2014 in addition to a recent eight-fold increase in TIFIA funding to $1 billion via the MAP-21 surface transportation reauthorization bill.

"Over the past 13 years, TIFIA has entered into 27 loan agreements worth $10.4 billion, resulting in more than $41 billion in total project investment," said Obama. "The additional [TIGER] investment would make new grant and loan funding available for states and localities across the country, giving them both a new source of financing and the flexibility to design projects and financing packages to meet their needs."

Building America's Future officials hailed the plan, including the $14 billion proposed for a National Infrastructure Bank and the TIGER/TIFIA programs.

"[We] support creating a National Infrastructure Bank to better leverage investments, as well as encourage public-private partnerships," said Ed Rendell, the former Pennsylvania governor who co-chairs Building America's Future, in a prepared statement. "I applaud his plan, but we all know our national infrastructure is in such poor shape that we will need even further investment for decades to come."