



September 15, 2011

## Legislation

**House Approves FAA and Surface Transportation Extension.** On Tuesday, September 13, the U.S. House of Representatives approved an extension to continue programs for the Federal Aviation Administration (FAA) as well as for federal highway, transit and highway safety programs.

H.R. 2887, introduced in the House by Transportation Committee Chairman John L. Mica (R-FL), Transportation Committee Ranking Member Nick J. Rahall (D-WV), Aviation Subcommittee Chairman Tom Petri (R-WI), Highways and Transit Subcommittee Chairman John J. Duncan, Jr. (R-TN), and Ways and Means Committee Chairman Dave Camp (R-MI), Ways and Means Ranking Member Sander Levin (D-MI), and Rep. John Lewis (D-GA), unanimously passed the House.

“While this legislation signifies a bipartisan, bicameral agreement to move forward, it must not be just a temporary band-aid for our important aviation, highway, rail and safety programs and for job creation,” Mica said. “To build our nation’s infrastructure and put people to work, we need long-term authorizations of these programs. Unfortunately, this bill is the 22nd FAA extension and the 8th surface transportation extension. Congress has delayed passing a long-term FAA bill for over four years, and a surface transportation bill for two years. This action represents a last chance to roll up our sleeves and get transportation projects in America moving again.”

“As we saw this summer with the unfortunate two-week partial shutdown of the FAA, until the Senate finally approved the House-passed extension, we cannot afford the chaos and inefficiencies of a shutdown let alone the job impact affecting both public and private sector workers,” said Petri. “We need full reauthorization bills because our nation’s infrastructure is the backbone of our economy and we must have a first class system to support economic growth and remain competitive in the world economy. But until we negotiate the full bills, we need these extensions.”

“I am hopeful this will be our last short-term extension and a comprehensive highway bill can be passed soon,” said Duncan. “By passing a long-term reauthorization bill, Americans will be able to see their tax dollars going towards rebuilding and strengthening our Nation’s highways, bridges, and transit systems. It will create millions of jobs for hard working Americans right here in the United States, not in China or India, and will leave a lasting legacy of tangible improvements to our transportation infrastructure.”

H.R. 2887 authorizes FAA programs through January 31, 2012 at current funding levels. The current extension authorizing FAA programs expires at the end of this week.

The legislation also authorizes federal highway, transit and highway safety programs through March 31, 2012 at current funding levels. The current extension authorizing highway, transit and highway safety programs expires at the end of September.

On September 8<sup>th</sup>, the Senate Environment and Public Works Committee (EPW) unanimously approved an extension of the surface transportation program through January 31, 2012.

Before an extension can be forwarded to the President, both the House and Senate must agree upon the longer extension date passed by the full House or the shorter extension passed by the Senate Environment and Public Works Committee.

## **Administration**

**President proposes infrastructure spending in “American Jobs Act.”** On September 8, before a joint session of Congress, President Obama unveiled his \$447 billion “American Jobs Act” – an effort to stimulate the economy and encourage job growth and retention.

The plan includes \$50 billion in immediate investments for highways, transit, rail, and aviation and \$10 billion to establish a National Infrastructure Bank. National Infrastructure Banks have been proposed over the past number of years in order to encourage accessing greater private capital for infrastructure projects. National Infrastructure Banks are also often designed to encourage infrastructure projects with regional or national significance, rather than local, parochial projects.

The National Infrastructure Bank under the President’s plan would be based on the proposal advocated by Senators John Kerry (D-MA) and Kay Bailey Hutchison (R-TX). Under their proposal, the bank would only issue loans and loan guarantees, not grants. Funding assistance would be limited to 50 percent of a project’s costs – limited the financial exposure of taxpayers. To be eligible to receive assistance, a project must have a dedicated funding stream, such as tolls, to ensure the money is repaid.

Many rural policymakers often raise concerns about the establishment of a National Infrastructure Bank since they fear projects receiving funding will disproportionately be located in urban areas.

Components of the “American Jobs Act”:

- \$65 billion: Cut employer payroll taxes in half and bonus payroll cut for new jobs/wages
- \$5 billion: Extend 100 percent expensing in 2012
- \$35 billion: Teacher rehiring and first responders
- \$30 billion: Modernizing schools
- \$50 billion: Immediate investment in surface transportation
- \$10 billion: National Infrastructure Bank
- \$15 billion: Rehabilitation/repurposing of vacant property
- N.A.: Veterans hiring initiative
- \$49 billion: Unemployment insurance reform and extension
- \$8 billion: Jobs tax credit for long term unemployed
- \$5 billion: Pathways back to work fund
- \$175 billion: Cutting employee payroll taxes in half in 2012
- **\$447 billion: TOTAL**

The President proposes paying for the plan by limiting itemized deductions for wealthy individuals and families and increasing taxes on hedge fund managers, and eliminating tax breaks for oil and gas companies.

More information on the “American Jobs Act” can be accessed at:

<http://www.whitehouse.gov/blog/2011/09/09/american-jobs-act-read-all-details>.

**Secretary LaHood Announces Proposed Amendments to Federal Regulations for Positive Train Control Systems.** On August 23<sup>rd</sup>, U.S. Transportation Secretary Ray LaHood announced proposed changes to the Federal

Railroad Administration's (FRA) regulations governing the installation of positive train control (PTC) systems. The amendments will provide greater flexibility to railroads and FRA in assessing the need for PTC without adversely affecting the safety of America's rail lines.

"Ensuring the safety of our railroads is a top priority," said U.S. Transportation Secretary Ray LaHood. "Thanks to President Obama's leadership in reducing regulatory barriers, these proposed amendments will provide regulatory relief while maintaining our commitment to safety."

Positive train control is currently required on routes carrying poison inhalation hazard (PIH) materials, and on routes that provide intercity and commuter passenger service. If a railroad opts to reroute the shipment of PIH hazardous materials off such a rail line and chooses to not install PTC there, the company must currently request FRA approval and conduct a complex set of analyses. The amendments proposed today would eliminate the need to perform those analyses, but do not impact the existing requirements to install PTC on lines used to provide passenger rail service.

"We believe that the proposal provides a balance of safety regulation and cost to the industry," said FRA Administrator Joseph C. Szabo. "We look forward to working together with the railroads as they concentrate on areas where positive train control is much-needed."

Affected railroads are expected to realize an estimated cost savings of \$340 million in the first several years, with total savings of up to \$1 billion over 20 years, by not installing PTC systems on as much as 14,000 miles of track. The lines impacted by this proposal have significantly less accident exposure because they do not carry passenger trains or PIH hazardous materials.

The Rail Safety Improvement Act of 2008 requires certain passenger and freight railroads to install PTC systems on lines meeting certain thresholds. Nationwide deployment of PTC is expected to eventually yield substantial benefits from the use of advanced train control technology for safety and business purposes.

The Notice of Proposed Rulemaking (NPRM) will be published in the *Federal Register* on Wednesday, August 24. The FRA invites comments on all aspects of the proposal. Interested parties are invited to submit comments by October 24.