



SOY TRANSPORTATION COALITION WASHINGTON REPORT



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Legislation

Omnibus provides increased funding for maritime navigation. The recently passed Consolidated Appropriations Act of 2014, more commonly referred to as the “Omnibus Appropriations Bill,” provided increased funding to the Army Corps of Engineers to enhance maritime transportation.

The total funding for the Corps of \$5.467 billion is a \$749 million increase over the post-sequester level in fiscal year 2013. The Corps’ Operations and Maintenance account received \$2.86 billion, a 25 percent increase over last year.

The Inland Waterways Trust Fund (IWTF) received a 29 percent increase in funding over last year. \$81.5 million in additional funding has been provided to the IWTF with a directive to initiative up to four new construction projects for inland navigation, flood control and storm damage prevention, and ecosystem restoration. The law stipulates that one project must be devoted to ecosystem restoration, while up to two projects may be devoted to the other categories. The Army Corps of Engineers has 45 days from enactment of the legislation to present the specific projects that will receive the additional funding.

The Inland Waterways Trust Fund was established to help underwrite the costs of construction and major rehabilitation of the nation’s inland waterway system. Funds are generated via the Inland Waterways Tax – a \$0.20 per gallon assessment on diesel fuel used on 27 stretches of the country’s inland waterway system. The 12,000 miles of fuel taxed waters include most of the nation’s largest rivers: the Mississippi, Ohio, Illinois, the lower Missouri, and the Gulf and Atlantic Intracoastal waterways. The fund annually generates approximately \$70 - \$90 million per year via the Inland Waterways Tax. These funds are, in turn, matched with revenue from the U.S. Treasury. The total \$140 - \$180 million is directed toward construction and major rehabilitation projects. The U.S. Treasury assumes 100 percent of the costs of operations and maintenance.

The law amends the cost-sharing formula for the significantly delayed and over budget Olmsted Lock and Dam project. The previous cost-share formula was 50 percent general funds and 50 percent Inland Waterways Trust Fund. The amended cost-share is 75 percent general funds, 25 percent IWTF. This will allow revenue generated by the IWTF to be directed toward other, priority projects on the inland waterway system.

The law provided approximately \$200 million in new revenue for port maintenance and upkeep. \$1 billion will be allocated to such projects from the Harbor Maintenance Trust Fund.

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 approximately \$1.8 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.

Heretofore, approximately half has been spent on such projects. The balance was spent on other discretionary projects that unrelated to harbor maintenance. The Omnibus appropriation allocated \$1 billion toward port maintenance and enhancement.

House panel on P3s established. On January 16, Congressman Bill Shuster (R-PA), Chairman of the House Transportation and Infrastructure Committee, and Congressman Nick Rahall (D-WV), Ranking Member, announced the establishment of a special panel charged with exploring and examining the opportunities for public-private partnerships (P3s) across all modes of transportation, economic development, public buildings, water and maritime infrastructure and equipment. Congressman John Duncan (R-TN) and Congressman Michael Capuano (D-MA) were named the panel's chairman and ranking member, respectively.

The panel will specifically examine the current state of public-private partnerships in the United States to identify: 1.) the role P3s play in development and delivery of transportation and infrastructure projects in the U.S., and on the U.S. economy; 2.) if/how these partnerships enhance delivery and management of transportation and infrastructure projects beyond the capabilities of government agencies or the private sector acting independently; and 3.) how to balance the needs of the public and private sectors when considering, developing and implementing P3 projects. It will also play a crucial role in the reauthorization of surface transportation programs, which the Committee plans to develop this year.

"The private sector continues to show significant, growing interest in investing in infrastructure in the United States and internationally. But aside from a selection of highway projects, utilization of P3s in U.S. transportation, economic development and water infrastructure has been limited," said Chairman Shuster. "Chairman Duncan and the members of the P3 panel will examine the role of public-private partnerships in our infrastructure and where greater opportunities may exist to leverage resources at the federal, state and local level. The panel's recommendations will be used as the Committee continues to develop future legislation."

Republican members of the panel:

John J. Duncan, Jr., TN, Chairman
Candice S. Miller, MI
Lou Barletta, PA
Tom Rice, SC
Mark Meadows, NC
Scott Perry, PA

Democratic members of the panel:

Michael Capuano, MA, Ranking Member
Peter A. DeFazio, OR
Eleanor Holmes Norton, DC
Rick Larsen, WA
Sean Patrick Maloney, NY

Blumenauer introduces bill to increase gas tax. Congressman Earl Blumenauer (D-OR) recently introduced H.R. 3636 "The Update, Promote, and Develop America's Transportation Essentials (UPDATE) Act" (H.R. 3636), a bill to increase the tax on gasoline and diesel fuel by 15 cents per gallon over the next three years.

"The gas tax hasn't been increased since the beginning of the Clinton administration," said Blumenauer. "Today, with inflation and increased fuel efficiency for vehicles, the average motorist is paying about half as much per mile as they did in 1993. It's time for Congress to act. There's a broad and persuasive coalition that stands ready to support Congress, including the U.S. Chamber of Commerce, National AFL-CIO, the construction and trucking

industry, cyclists, professional groups, numerous associations of small and medium businesses, local governments, and transit agencies. We just need to give them something to support.”

In 2009, the Federal Highway Administration estimated that over \$70.9 billion worth of repairs were needed just to maintain safe infrastructure; that number has since increased. The American Society of Civil Engineers estimates that surface transportation in the US needs over \$2 trillion of investment in order to remain economically competitive.

In recent years, Congress has added to the General Fund deficit by transferring over \$50 billion of General Fund revenue to the Highway Trust Fund in order to keep it afloat. In order to maintain current funding in the following years, the Highway Trust Fund will need almost \$15 billion a year in addition to current gas tax receipts. Continuing down the current path will mean a 30% drop in federal transportation spending by 2024. The UPDATE Act would raise around \$170 billion over ten years.

“Instituting a reasonable gas tax increase now provides the revenues Democrats say they want with a form of a user fee which historically has been acceptable to Republicans including Ronald Reagan, who increased the gas tax by a nickel a gallon in 1982,” said Blumenauer. “Addressing the infrastructure deficit, stabilizing transportation funding, and helping America’s all-too-slow economic recovery is critical if we want a liveable and economically prosperous country in the years to come.”

Vitter to run for Louisiana governor. Senator David Vitter (R-LA) recently announced he will run for governor in 2015, arguing he can have a bigger impact on Louisiana from the governor’s office rather than his Senate seat. Vitter is the current Ranking Member of the Senate Environment and Public Works Committee and has been a strong advocate for a well-maintained inland waterways system.

Vitter, who has served two terms in the Senate, is up for reelection in 2016. Governor Bobby Jindal (R-LA) is term-limited after completing his second term in 2015. Since the gubernatorial election is occurring in an off-year, Vitter will not need to vacate his Senate seat.

Administration

Obama urges action on transportation improvement in SOTU. During last Tuesday’s State of the Union Address, President Obama urged lawmakers to take definitive steps in 2014 to enhance the nation’s transportation infrastructure. The President did not provide much specificity regarding how to finance these efforts, but suggested that reforming the tax code could free up additional revenue for infrastructure investment.

“We can take the money we save with this transition to tax reform to create jobs rebuilding our roads, upgrading our ports, unclogging our commutes, because in today’s global economy, first-class jobs gravitate to first-class infrastructure. We’ll need Congress to protect more than 3 million jobs by finishing transportation and waterways bills this summer. That can happen,” Obama explained.

Congressional leaders are currently negotiating a final version of a Water Resources and Development Act (WRDA). Both the House of Representatives and the Senate passed competing versions of the legislation in 2013. It is expected a compromise version will emerge from a House/Senate conference committee in the upcoming weeks, which will in turn be submitted to both chambers for final approval. Congress is obligated to complete a WRDA bill every two years. However, the most recent bill was approved in 2007. Among other objectives, WRDA bills provide authorization for investing in and maintaining the nation’s inland waterway system.

Congress must pass a new surface transportation bill in 2014. The current law, “Moving Ahead for Progress in the 21st Century” (MAP-21), is scheduled to expire on September 30. The most contentious issue imbedded in the debate will be determining a method for increasing investment for the nation’s roads and bridges. The Highway Trust Fund, a federal fuel tax of 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel fuel, is proving to be insufficient to address the current and long term needs of the U.S. surface transportation system.

Surface Transportation Board

STB to hold hearing on competitive switching rules. The Surface Transportation Board announced it will hold a public hearing on March 25-26 in “Petition for Rulemaking to Adopt Revised Competitive Switching Rules,” to explore The National Industrial Transportation League’s (NITL) petition to modify the STB’s standards for mandatory competitive switching.

NITL proposes that certain captive shippers located in terminal areas be granted access to a competing railroad if there is a working interchange within 30 miles.