

ITEM 12-C.4.a

(10 PAGES)

RELATED TO FUNDING

**“Congress Advances Economic Recovery Act; Provides \$8.4 Billion for Transit”
(2/13/09)**

“Obama plots huge railroad expansion (2/18/09)

“Transportation chief eyes taxing miles driven” (2/20/09)

“LaHood Talks of Mileage-Based Tax” (2/23/09)




Joint Light Rail Conference
 April 19-21, 2009 • Millennium Biltmore Hotel • Los Angeles, CA

REGISTER NOW

PASSENGER Transport



THE SOURCE FOR PUBLIC TRANSPORTATION NEWS AND ANALYSIS

February 16, 2009

[APTA CALENDAR](#)

[APTA HOME PAGE](#)

[CLASSIFIEDS](#)

[ADVERTISE WITH US](#)

In This Issue

- » [BREAKING NEWS](#)
- » [NEWS HEADLINES](#)
- » [COMMENTARY](#)
- » [TECHNOLOGY](#)
- » [AROUND THE INDUSTRY](#)
- » [APTA NEWS](#)

BREAKING NEWS

Congress Advances Economic Recovery Act; Provides \$8.4 Billion for Transit

The long-awaited American Recovery and Reinvestment Act appeared headed for a final vote in both houses of Congress as *Passenger Transport* went to press, after both chambers passed separate versions in previous weeks and resolved their differences in conference on Feb. 11.

Initial reports indicate that the bill is now \$789 billion, which provides a total of \$16.4 billion for public transit and high-speed intercity rail. Of this amount, \$8.4 billion will be for public transit (including \$750 million for New Starts and \$750 million for rail modernization); \$8 billion will go toward high speed intercity rail.

The Senate's amended version of the bill had passed that chamber on Feb. 10 by a vote of 61-37. The legislation then went to the House-Senate conference committee, and it now will be sent to each house for a largely formal final vote before being sent to the president for his signature.

APTA President William W. Millar sent letters to the leadership of both conference committees, urging them to:

- * Adopt, at a minimum, the \$12 billion level for public transportation investment contained in the House-passed economic recovery bill;
- * Retain the \$8.4 billion for transit formula grants included in the Senate bill;
- * Provide the \$2.5 billion for New Starts/Small Starts investments included in the House bill;
- * Provide the \$2 billion for Fixed-Guideway Modernization formula grants included in the House bill;
- * Allow transit systems to use a portion of economic recovery funds for operating expenses to halt employee layoffs, service cuts, and fare increases;
- * Remove new restrictions on transit formula funds for rural areas and smaller cities.
- * Include no less than \$2 billion for high speed intercity passenger rail corridors as provided in the Senate bill and \$300 million for intercity passenger rail grants (Sec. 4401) as contained in the House bill;
- * Retain the Senate's supplemental discretionary grant program for surface transportation only if public transportation programs receive no less than \$12 billion and high speed passenger rail investment receives no less than \$2 billion;

* Support the \$100 million for public transportation security assistance, railroad security assistance and Amtrak security updates in the Senate bill; and

* Retain the commuter tax benefit included in the Senate bill.

Millar emphasized the importance of public transportation in helping the nation recover from its economic crisis. "Investment in public transportation and high-speed and intercity passenger rail infrastructure will spur immediate job creation and help achieve critical national goals: better access to jobs for workers, reduced fuel consumption from our transportation system, and decreased greenhouse gas emissions," he noted.

Updates on the legislation will appear on the APTA web site.

[Return to Top](#) | [Return to Main](#)

[Next Article »](#)



[APTA CALENDAR](#)

[CONTACT US](#)

[APTA HOME PAGE](#)

[PRINTER-FRIENDLY VERSION](#)

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

© Copyright © 2008 American Public Transportation Association 1666 K Street NW, Washington, DC 20006
Telephone (202) 496-4800 • Fax (202) 496-4321

[Search Back Issues](#)

POLITICO

Obama plots huge railroad expansion

By: David Rogers

February 17, 2009 04:29 AM EST

Railroads made Chicago, and now a Chicago-rich White House wants to return the favor: remaking rail with a huge new federal investment in high-speed passenger trains.

The \$787.2 billion economic recovery bill — to be signed by President Barack Obama on Tuesday — dedicates \$8 billion to high-speed rail, most of which was added in the final closed-door bargaining at the instigation of White House chief of staff Rahm Emanuel.

It's a sum that far surpasses anything before attempted in the United States — and more is coming. Administration officials told Politico that when Obama outlines his 2010 budget next week, it will ask for \$1 billion more for high-speed rail in each of the next five years.

Yet for all the high stakes, the pieces didn't fall into place until the end of deliberations on the recovery bill. And the way in which they did is revealing of the often late-breaking decisions — and politics — that shaped the final package.

As a candidate for president, Obama spoke of high-speed rail as part of his vision of "rebuilding America." Campaigning in Indiana, he talked of revitalizing the Midwest by connecting cities with faster rail service to relieve congestion and improve energy conservation.

"The time is right now for us to start thinking about high-speed rail as an alternative to air transportation connecting all these cities," he said. "And think about what a great project that would be in terms of rebuilding America."

But the administration never emphasized high-speed rail when the House Appropriations Committee was writing its bill in January, so no money was included. The first real request came only days before the Senate Appropriations panel marked up, and the committee had to scramble to find room for \$2 billion — in part by cutting other Obama priorities.

See also

- Hoyer to Pelosi: Stand up to Senate
- Daschle, Obama aides join K Street
- Obama's new target: Washington

Last week, Emanuel greatly upped the ante, asking House-Senate negotiators for \$10 billion for high-speed rail — far more than either bill provided.

"I put it in there for the president," Emanuel said in an interview. "The president wanted to have a signature issue in the bill, his commitment for the future."

Emanuel himself was excited by the idea, but the decision to wager so much on high-speed rail reflected the fact that other candidates for a signature Obama issue were fading.

Moderate Senate Republicans, whose votes were needed, were resisting the president's school construction initiative. Modernizing the nation's electric grid, another White House favorite, seemed to have lost some of its cachet.

High-speed rail sailed through with surprisingly little attention paid to the president's role.

The same Maine and Pennsylvania Republican moderates who had criticized Obama's school construction initiative were more accepting of the rail funds, since the Northeast corridor has a major stake in more improvements. To help pay for the added cost, a business tax break — providing a five-year carry back for net operating losses — was narrowed to keep the focus more on smaller firms with receipts of less than \$15 million.

At the same time, conservative Republicans seemed almost blind to Obama's role. Instead, in their campaign to find pork barrel projects in the stimulus bill, they painted the whole funding as a scheme by Senate Majority Leader Harry Reid on behalf of Las Vegas interests seeking a rail link to Los Angeles. "Sin City to Tomorrow Land" was one description.

Here is Rep. Candice S. Miller (R-Mich.) explaining her vote against the bill Friday despite the benefits to her home state: "Michigan is a state of about 10 million people, and we are the hardest hit, as I said, by this economy. And yet we are expected to get approximately \$7 billion from this bill. And apparently the Senate majority leader has earmarked \$8 billion for a rail system from Las Vegas to Los Angeles? You have got to be kidding. You have got to be kidding."

In fact, there's little evidence that Reid had a decisive role, although he was happy to see his name mentioned for the sake of voters at home.

"It's amazing. I'm stunned," he said in an interview Friday, hours before the bill passed Congress. "I'm glad I get the credit in Nevada, but this is Obama's No. 1 priority. This is his legacy issue out of this bill, because we need these high-speed corridors. ... I'll take credit but frankly didn't have much to do with it other than carry forward with what Obama wanted."

Big hurdles remain. Critics already argue that the money is misplaced in a stimulus bill since it will be hard to spend quickly. Much depends on winning the cooperation of Class 1 freight lines that control many of the rights of way outside the Northeast.

But it is a landmark transportation investment with regional effects in almost every corner of the nation. Just last October, former President George W. Bush signed a bill authorizing up to \$1.5 billion for high-speed rail through 2013. Obama's commitment in the same period will be eight times that.

Transportation Secretary Ray LaHood is given 60 days to come up with a strategic plan for the funds. The combination of large capital upfront — followed by annual appropriations — fits the prototype for the infrastructure bank once considered for, but never included in, the recovery bill.

"High-speed rail is the infrastructure bank," said Emanuel, and the legislation gives LaHood discretion to assign "priority to projects that support the development of intercity high-speed rail service."

There is some precedent. At the height of the New Deal, FDR's Public Works

Administration played a role in persuading the Pennsylvania Railroad to complete the electrification of its Washington-New York line and finish Philadelphia's 30th Street Station. Today, the government could make capital investments that both benefit freight operations and facilitate high-speed passenger service. With the drop in freight traffic, the railroads might be more cooperative, although they are sure to want some liability protection for accidents.

© 2009 Capitol News Company, LLC





Transportation chief eyes taxing miles driven

LaHood says current gasoline tax not enough to fund infrastructure

The Associated Press

updated 7:50 a.m. ET, Fri., Feb. 20, 2009

WASHINGTON - Transportation Secretary Ray LaHood says he wants to consider taxing motorists based on how many miles they drive rather than how much gasoline they burn — an idea that has angered drivers in some states where it has been proposed.

Gasoline taxes that for nearly half a century have paid for the federal share of highway and bridge construction can no longer be counted on to raise enough money to keep the nation's transportation system moving, LaHood said in an interview with The Associated Press.

"We should look at the vehicular miles program where people are actually clocked on the number of miles that they traveled," the former Illinois Republican lawmaker said.

Most transportation experts see a vehicle miles traveled tax as a long-term solution, but Congress is being urged to move in that direction now by funding pilot projects.

The idea also is gaining ground in several states. Governors in Idaho and Rhode Island are talking about such programs, and a North Carolina panel suggested in December the state start charging motorists a quarter-cent for every mile as a substitute for the gas tax.

A tentative plan in Massachusetts to use GPS chips in vehicles to charge motorists by the mile has drawn complaints from drivers who say it's an Orwellian intrusion by government into the lives of citizens. Other motorists say it eliminates an incentive to drive more fuel-efficient cars since gas guzzlers will be taxed at the same rate as fuel sippers.

Thinking outside the box

Besides a VMT tax, more tolls for highways and bridges and more government partnerships with business to finance transportation projects are other funding options, LaHood, one of two Republicans in President Barack Obama's Cabinet, said in the interview Thursday.

"What I see this administration doing is this — thinking outside the box on how we fund our infrastructure in America," he said.

LaHood said he firmly opposes raising the federal gasoline tax in the current recession.

The program that funds the federal share of highway projects is part of a surface transportation law that expires Sept. 30. Last fall, Congress made an emergency infusion of \$8 billion to make up for a shortfall between gas tax revenues and the amount of money promised to states for their projects. The gap between money raised by the gas tax and the cost of maintaining the nation's highway system and expanding it to accommodate population growth is forecast to continue to widen.

Among the reasons for the gap is a switch to more fuel-efficient cars and a decrease in driving that many transportation experts believe is related to the economic downturn. Electric cars and alternative-fuel vehicles that don't use gasoline are expected to start penetrating the market in greater numbers.

"One of the things I think everyone agrees with around reauthorization of the highway bill is that the highway trust fund is an antiquated system for funding our highways," LaHood said. "It did work to build the interstate system and it was very effective, there's no question about that. But the big question now is, We're into the 21st century and how are we going to take care of our infrastructure needs ... with a highway trust fund that had to be plused up by \$8 billion by Congress last year?"

Report expected next week

A blue-ribbon national transportation commission is expected to release a report next week recommending a VMT.

The system would require all cars and trucks be equipped with global satellite positioning technology, a transponder, a clock and other equipment to record how many miles a vehicle was driven, whether it was driven on highways or secondary roads, and even whether it was driven during peak traffic periods or off-peak hours.

The device would tally how much tax motorists owed depending upon their road use. Motorists would pay the amount owed when it was downloaded, probably at gas stations at first, but an alternative eventually would be needed.

Rob Atkinson, president of the National Surface Transportation Infrastructure Financing Commission, the agency that is developing future transportation funding options, said moving to a national VMT would take about a decade.

Privacy concerns are based more on perception than any actual risk, Atkinson said. The satellite information would be beamed one way to the car and driving information would be contained within the device on the car, with the amount of the tax due the only information that's downloaded, he said.

The devices also could be programmed to charge higher rates to vehicles that are heavier, like trucks that put more stress on roadways, Atkinson said.

Copyright 2009 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

URL: <http://www.msnbc.msn.com/id/29298315/>

MSN Privacy . Legal
© 2009 MSNBC.com

The Washington Post

LaHood Talks of Mileage-Based Tax

White House Dismisses Controversial Idea to Fund Transportation Projects

By Eric M. Weiss
Washington Post Staff Writer
Saturday, February 21, 2009; A04

Transportation Secretary Ray LaHood suggested yesterday that the Obama administration might embrace a new and controversial way to pay for highway and transit projects: charging motorists a tax for every mile they drive.

But no sooner was the idea being batted around by cable commentators and commuters than spokesmen for the White House and LaHood's own department shot it down -- hard.

"It is not and will not be the policy of the Obama administration," White House press secretary Robert Gibbs said when asked at his daily briefing about LaHood's remarks, which were made in an interview with the Associated Press.

"So was Secretary LaHood speaking out of turn here?" an AP reporter asked at the briefing.

"I would direct you to Secretary LaHood on that," Gibbs said.

"Well, we actually interviewed him," the reporter noted.

"Well, call him back," Gibbs said.

White House and Transportation Department officials said later that there was never any difference between their views and the position of LaHood, a Republican and former Illinois congressman who does not have much background in transportation. Officials said that his comments were part of a long interview about a range of transportation issues and that he never specifically advocated taxing drivers by the mile.

According to the AP, LaHood said: "We should look at the vehicular miles program where people are actually clocked on the number of miles that they traveled."

In the interview, he also ruled out raising the gas tax, the primary source of transportation funding.

Although the Obama administration immediately dismissed the idea of a tax on miles traveled, the concept has been recommended by many business and interest groups, and a handful of states have experimented with it.

Revenue from gas taxes is becoming problematic as cash-strapped Americans drive less and buy more fuel-efficient cars, leaving the government with a growing hole in funds to pay for the nation's aging highway system.

Until recently, the 18.4-cent-a-gallon federal gas tax had been a steady and growing pot of revenue. Over the past half-century, it has paid for the interstate highway system, which has crisscrossed the nation with asphalt, and since 1982, it has been kicking in for transit needs.

The last time the tax was raised was in 1993, under President Bill Clinton, and inflation has been eating away at its buying power ever since, said Jack Basso, a transportation expert with the American Association of State Highway and

Advertisement - Your Ad Here



Transportation Officials. It hasn't helped that over the past several years, the government has spent more on transportation projects than it has received in gas taxes.

As a result, the federal Highway Trust Fund is essentially bankrupt. Several months ago, Congress added \$8 billion to keep it funded through the end of the fiscal year in September. But some transportation experts said the fund will need another \$9 billion to make it until then, when the current transportation authorization law expires.

The current system also assumes that Americans will drive more every year. And for many years that was true, with miles traveled increasing about 3 percent a year, Basso said. But when gasoline prices hit \$4 a gallon last year, people began driving less. According to AAA, Americans drove 107.9 billion fewer miles in 2008 than in 2007.

The situation has led numerous business and interest groups to call for new ways of funding transportation projects. Last year, the National Surface Transportation Policy and Revenue Commission, which was created by Congress, recommended gradually raising the gas tax by as much as 40 cents a gallon and indexing it to inflation. The panel also recommended looking at a tax based on miles traveled, Basso said.

Such a tax would require equipping every vehicle with a sort of E-Z Pass on steroids. Charges would be based on miles driven, as well as where and when. A rush-hour trip on Interstate 95, for example, would cost more than a midnight drive through the countryside.

In 2006, Oregon undertook a pilot project using a mileage-based system. Global Positioning System units were placed in 200 vehicles, and when motorists filled up at gas stations, the electronic units added a fee of 1.2 cents per mile driven.

"We can see the future, and gas-powered vehicles are going away," said Patrick Cooney, spokesman for the Oregon Department of Transportation. "When that point comes, how do you collect money for your transportation system if your revenues are based on gasoline?"

Cooney said the pilot program proved the viability of a mileage-based system in which drivers would pay at the pump. He said state officials are continuing to look at the system.

A handful of other states have adopted similar pilot projects. All have met with resistance from drivers and privacy advocates.

The concern among privacy advocates is that, instead of just knowing what toll booths drivers pass through, as with the E-Z Pass system, the government would know where and when they were traveling. Many fear that would be a giant leap toward a Big Brother state.

"The danger is dismissing the privacy issues," said Robert Puentes, a senior fellow with the Brookings Institution. "There has to be a good answer to those concerns."

In the AP interview, LaHood also said more toll roads and public-private partnerships need to be part of the funding mix, an idea that was pushed strongly by the Bush administration.

Post a Comment

View all comments that have been posted about this article.

Comments that include profanity or personal attacks or other inappropriate comments or material will be removed from the site. Additionally, entries that are unsigned or contain "signatures" by someone other than the actual author will be removed. Finally, we will take steps to block users who violate any of our posting standards, terms of use or privacy policies or any other policies governing this site. Please review the [full rules](#) governing commentaries and discussions. You are fully responsible for the content that you post.