

**SCCRTC
WASHINGTON OFFICE MEMORANDUM**

TO: Pat Dellin
FROM: Carolyn Chaney/Chris Giglio
DATE: June 3, 2004
SUBJECT: Federal Transportation Update

TEA-21 Reauthorization

Both the House and Senate have named their representatives to a conference committee that will meet to iron out differences between the two bills. The House approved its six-year, \$275 billion measure (HR 3550) on April 2, while the Senate approved its six-year \$318 billion bill (S 1072) on February 12. While the beginning of a conference committee -- possibly as early as next week -- represents long-awaited progress on the bill, the major obstacle to passage of a bill this year remains: White House resistance to any form of a federal gasoline tax increase and a bill that exceeds the Administration's recommended level of \$256 billion over six years. As a result, the President has threatened to veto either the House or Senate bills in their current form.

So, while the House and Senate conferees will play a role in the details of a final version of this bill, the real negotiations will occur between Republican congressional leadership and the White House on an overall funding level that is acceptable to all sides. There is a strong sentiment in both the House and Senate to guarantee every state at least a 95 cent return on every dollar contributed to the Highway Trust Fund, but most observers have concluded that such a goal cannot be achieved without a user fee increase to generate additional trust fund revenue. The White House has also rejected as a "back door tax increase" the idea of a provision to instruct Congress to reopen the legislation after a year or two with the intention of finding additional revenues. If no agreement can be reached on the final funding figure by the end of June, there is a strong likelihood that Congress will look to try again after the November elections and approve an extension of the current TEA-21 bill into 2005.

Of local interest, the House version of the TEA-21 reauthorization bill includes \$3.67 million for Highway 1 widening, while both the House and Senate bills contain language promoted by Santa Cruz Metro to create a new formula program for qualified transit agencies in smaller urbanized areas. Senator Barbara Boxer has been appointed to the House-Senate conference committee and should participate in the negotiations over the highway provisions of the bill.

FY 2005 Transportation Department Appropriations

Work has begun on the 13 FY 2005 appropriations bills, and the House has a goal of completing floor action on all its measures by the end of July. However, with very few legislative days remaining before the party conventions this summer, the Senate schedule is not as ambitious and most agree that it is highly unlikely that the Transportation spending bill would be complete prior to the October 1 beginning of the fiscal year.

Concern over the Transportation bill increased this week when the Transportation-Treasury Departments subcommittee was allocated almost \$3 billion less to funds programs in FY 2005 than it received in FY 2004, a cut of over 10 percent. It is rumored that the Senate may consider its DOT spending bill on June 17, but House consideration may be delayed as appropriators look for ways to meet the significant shortfall.

Representative Sam Farr and Senator Dianne Feinstein sit on the House and Senate Appropriations Committees, respectively, however, neither is a member of the Transportation subcommittee. Santa Cruz Metro has asked the congressional delegation for funds in the bill to support the proposed Pacific Station project.