

**SANTA CRUZ COUNTY RTC
WASHINGTON OFFICE MEMORANDUM**

TO: Pat Dellin
FROM: Carolyn Chaney/Chris Giglio
DATE: May 10, 2005
SUBJECT: Federal Transportation Update

Surface Transportation Reauthorization

Legislation to reauthorize the law governing federal surface transportation programs (TEA-21) is currently being considered on the Senate floor. While progress on the bill has been slow thus far, Senate leaders are hopeful that it can be completed by the end of this week. Slowing down the bill are efforts to increase the overall spending level from \$284 billion over six years. While the President has indicated in no uncertain terms that he would veto any bill that exceeded \$284 billion, a large, bipartisan majority of the Senate approved a \$318 billion measure last year and many are eager to increase their state's return on federal gas tax contributions.

Today, Senate sponsors are expected to offer an amendment to the TEA-21 bill that would increase its spending by \$11.2 billion by shifting revenue realized from "gas guzzler" taxes from the general fund to the Highway Trust Fund, as well as realizing savings from fuel tax evasion schemes that have been allegedly uncovered by the Senate Finance Committee. The fate of that amendment is unclear, as there are Senators expected to object and possibly prevent it from being considered. Other amendments to the Senate TEA-21 bill expected this week is an effort to increase the percentage of spending on transit in the overall bill from 18.2 percent to 18.8 percent, which is closer to current allocations.

The House passed its six year \$284 billion measure on March 10. The current extension of the 1998 TEA-21 law is set to expire on May 31, and unless the Senate and a subsequent House-Senate conference committee on the bill can complete its work by then, another extension is expected. If Congress and the White House are close to an agreement on spending levels at that time, the extension may be short. However, if the sides appear to be far apart, a long-term extension could be considered.

FY 2006 Transportation Appropriations

The House last week began the process of considering the 10 FY 2006 appropriations bills that they must pass this year. However, the measure governing the Departments of Transportation, Treasury, and Housing and Urban Development (T-T-HUD) is not expected to be considered until early to late June on the subcommittee level, as it contains a few controversial issues that House leaders need more time to negotiate. Those issues include the President's proposal to provide no federal assistance to Amtrak and transform the railroad into a private venture overseen by states. In addition, the President has proposed shifting funds from the popular Community Development Block Grant (CDBG) program at HUD, which is also under the jurisdiction of the committee. Congress appears to be inclined to reject both of those proposals, but must find suitable funding for Amtrak and CDBG under very tight budget restrictions.