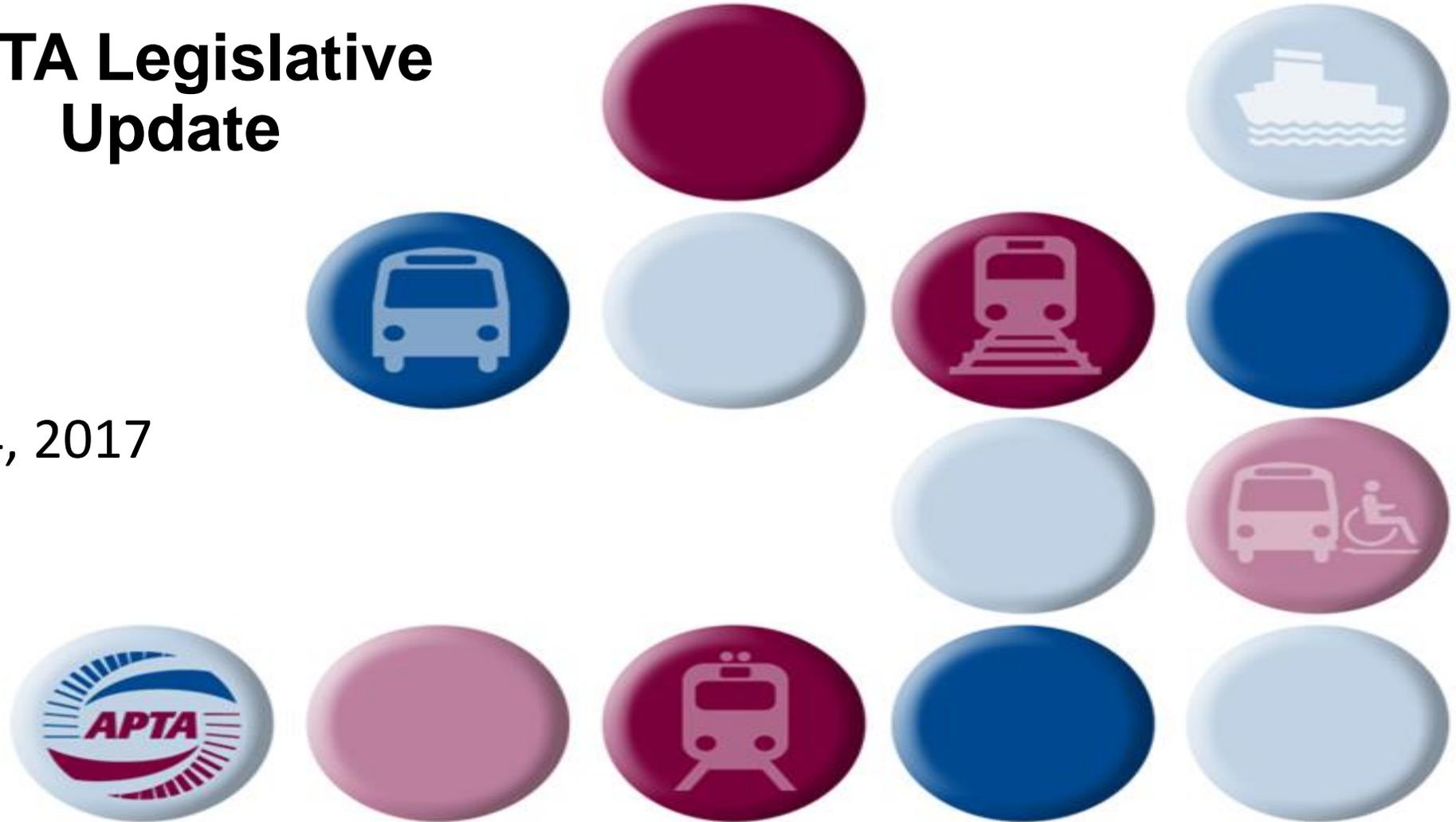


APTA Legislative Update

- May 24, 2017



115th Congress

Opportunities

- Infrastructure Initiative
- Tax Reform-HTF Fix

Challenges

- Budget/Appropriations
- Tax Reform



115th Congress – 1st Session

“Timeline”

- Summer 2017:
 - Obamacare Repeal
 - Confirmation Hearings (Senate)
 - Full Cabinet, now move to Political Nominees (most not named)
 - FY 2018 Budget and Appropriations process
 - Comprehensive Tax Reform
- Fall 2017
 - FAA Reauthorization
 - Debt Limit
 - CHIP
 - NFIP
 - Infrastructure Initiative and....?

Legislative Update

Federal Budget Process

“The President proposes and Congress Disposes”

1. President submits budget request to Congress.
2. Congress takes that request under consideration, but ultimately develops its own budget resolution.
3. Appropriations Committee allocate dollars among programs.

What a Budget is and is not:

- Sets top-line spending levels & a policy “wish-list.”
- Policies and spending in a budget resolution are subject to subsequent acts of Congress.

Legislative Update

President's FY 2018 Budget Proposal

- “Skinny” Budget Blueprint (*Released in March*):
 - Only included discretionary spending.
 - Recommends phasing out CIG program; TIGER Grants; Amtrak long-distance operating subsidies; among other cuts.
 - Subsequent requests to Congress proposed phasing out this spending in FY17 appropriations.
- Budget Request (*Expected May 22*)
 - Potential recommendation to phase out federal public transportation programs.
 - Expected to include Annual CIG Report.

Legislative Update

Congressional FY 2018 Budget Resolutions

“We do the budget here. The administration makes recommendations, but Congress does budgets.”- Sen. Marco Rubio (R-FL)

- POTUS Budget Proposal DOA, by most accounts
- Early work is underway in Congress
- Cannot pass until ACA-repeal disposed of (*to use 50-vote Senate threshold for tax reform*)
- Issues to Watch:
 - Will Republicans insist on balancing within 10 years?
 - Request for \$54 billion defense increase/corresponding cuts
 - Can it get done? (*ACA repeal, Republican infighting, Presidential pressure*)

Legislative Update

Appropriations

- Earlier this month, Congress concluded the FY 2017 appropriations process at or above FAST Act levels.
- Highlights:
 - Provides \$12.4 billion for FTA programs
 - Transit Formula Programs from the Highway Trust Fund at FAST Act levels
 - \$2.4 billion for CIG with another \$100 million repurposed and made available
 - Report language directs these funds to specific projects
 - TIGER Grant program funded at \$500 million
 - \$199 million for PTC implementation
- FY 2018 Appropriations has already begun. Unlikely to wait for Congressional budget.

Legislative Update

Status of the Capital Investment Grant (CIG) Program

- \$2.5 billion made available through FY17 Appropriations with directive report language.
- Not yet out of the woods.
- Key Upcoming Decision Points:
 - Does DOT execute FFGAs for projects funded and specified by Congress?
 - Does the FY 2018 CIG Report recommend projects for funding?
 - Watch Congressional FY 2018 Budget and Appropriations process.

Legislative Update

Tax Reform

- Will lower corporate and individual tax rates by eliminating most credits and deductions.
- Tax treatment of Municipal Bonds, Alternative Fuels Tax Credits and Commute Benefit are at risk.
- Opportunity to address long-term solvency of Highway Trust Fund.

Legislative Update

Tax Reform – State of Play

- White House “plan:”
 - One page with scant details
 - Eliminate “targeted tax breaks” used by the “wealthy”
 - Repatriation
- Capitol Hill specifics unlikely until post-ACA repeal
- Link to Infrastructure?
 - On the same day in early May, Secretary Mnuchin says “probably not,” while Secretary Chao said it could be a pay-for
 - Repatriation *could* be used for infrastructure but no specifics

Legislative Update

Infrastructure Initiative

- President Trump has advocated investing up to \$1 Trillion in infrastructure.
 - New specific is to expect \$200 billion in funding to leverage \$1 Trillion
 - Will include a P3s and Regulatory Reform
- Administration
 - Focused on financing regulatory relief but recognition that some funding required
 - Expect more rumors and trial balloons
 - Secretary Chao met twice with GOP authorizers on the plan
 - Secretary Chao said May, now “third quarter.” POTUS said it’s ready next week
 - Expect outline such as recent tax reform “plan”
- Congress
 - FAA first. Gathering feedback from industry. Providing feedback to the Administration.

APTA/Industry Advocacy Plan

- Aggressive lobbying strategy:
 - Intel gathering and relationship building with lawmakers, staff and coalition partners
 - APTA lobbyists on Capitol Hill daily
 - Education and preparation for “asks”
- Research
 - CIG Economic Impact Analysis, Ridership Profile, etc.
- Targeted communications
 - Earned and paid media
- Grassroots
 - 11,000 letters from VPT since March & Business Members template letter
 - Meet with your Members of Congress!
 - NAPTA Grassroots tool
 - Virginia Transit Network



APTA's Message to Lawmakers

- President Trump and the Congress are developing a major infrastructure initiative. We appreciate and support these efforts. Financing and regulatory reform can be helpful, but direct funding must underpin any proposal.
- To start, Congress must keep the promises it made in the FAST Act—Passed by significant bipartisan majorities (83-16 in the Senate and 359-65 in the House).
- We still have an \$90 billion backlog in what is needed to bring public transportation facilities into a state of good repair and a growing list of expansion and new capacity needs.
- We need Congress and the administration to fund the FAST Act and pass a bipartisan bill that improves and expands these critical assets.



Closing Thoughts

Focus on what the President does; Not what he says.

-Emerging Prevailing Wisdom

- Partisanship & Fractured Republican majority
- Mixed Messages and Trial Balloons
- Crowded Agenda
- Congress as a check

