

NARC

Building Regional Communities

NARC Policy Update

NARC Executive Director's Conference

October 23, 2017

Presented by:

**Erich W. Zimmermann, Director
Transportation Programs**

National Association of Regional Councils

Federal Picture

- This really is different (ie. it's weird, getting weirder)
- Nobody knows
- Big distractions



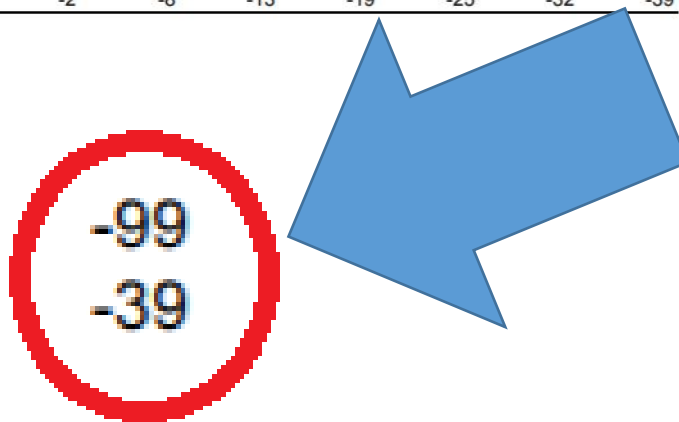
Federal Funding Picture

Projections of Highway Trust Fund Accounts – CBO's June 2017 Baseline
(Billions of dollars, by fiscal year)

	ACTUAL 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Highway Account												
Start-of-Year Balance	9	51	42	32	21	10	a	a	a	a	a	a
Revenues and Interest ^b	36	36	37	37	36	36	35	35	35	35	35	35
Intragovernmental Transfers	52	0	0	0	0	0	0	0	0	0	0	0
Outlays	44	44	44	45	46	46	47	48	49	50	50	51
End-of-Year Balance	51	42	32	21	10	a	a	a	a	a	a	a
Transit Account												
Start-of-Year Balance	3	18	15	11	7	3	a	a	a	a	a	a
Revenues and Interest ^b	5	5	5	5	5	5	5	5	5	5	5	5
Intragovernmental Transfers	18	0	0	0	0	0	0	0	0	0	0	0
Outlays	8	10	10	10	11	11	11	11	12	12	12	12
End-of-Year Balance	18	15	11	7	3	a	a	a	a	a	a	a
Memorandum:												
Cumulative Shortfall ^a												
Highway Account	n.a.	n.a.	n.a.	n.a.	n.a.	-3	-16	-31	-46	-63	-80	-99
Transit Account	n.a.	n.a.	n.a.	n.a.	n.a.	-2	-8	-13	-19	-25	-32	-39

Source: Congressional Budget Office

- FAST Act transferred \$71 billion; \$52 billion to HA, \$18 billion to TA; total transfers more than \$130B
- CBO expects HTF to become insolvent by Spring 2021
- Cumulative shortfall: \$138 billion by 2027



Infrastructure Package

Infrastructure Package



Infrastructure Package

U.S. Government

DATE TBD

PAY TO THE
ORDER OF

Infrastructure Stakeholders

\$

One Trillion!

DOLLARS



Security Features
Check or Scan

FOR

The best infrastructure

MP

Infrastructure Package

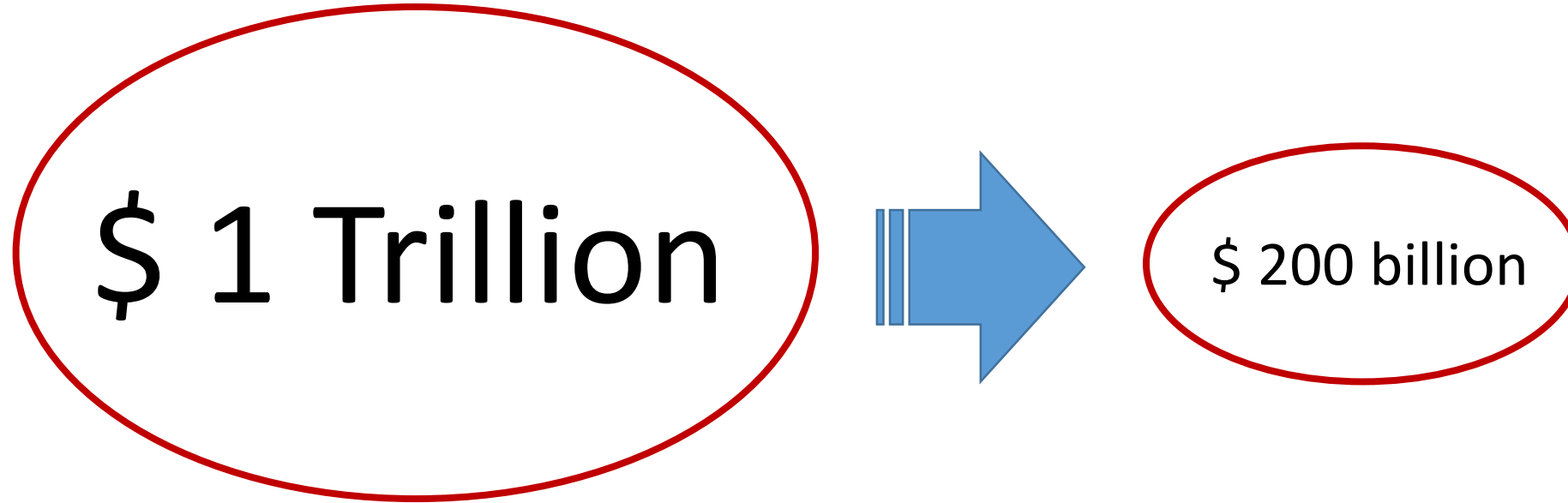
\$ 1 Trillion

Infrastructure Package

\$ 1 Trillion

- A Trillion Bucks Ain't What It Used to Be
 - Airports/air traffic, bridges, highways and roads, transit, ports, waterways, high-speed internet and telecommunications, freight railroads, pipelines, dams, levees, water and wastewater facilities, electricity transmission
 - Schools, veterans facilities, hospitals ?????
 - Leveraged investment: \$1 trillion
 - P3s & “asset recycling”
 - Keystone as example
 - Streamlining

Infrastructure Package



Infrastructure Package

\$ 200 billion



Public leveraging of private dollars!

Infrastructure Package

\$ 200 billion



Public leveraging of private dollars?



- In a meeting with members from House Ways and Means Committee, President Trump unexpectedly stated that using public-private partnerships for infrastructure projects is “**more trouble than it’s worth.**” (September 29)

Infrastructure Package

\$ 200 billion



Public leveraging of private dollars?



- In a meeting with members from House Ways and Means Committee, President Trump unexpectedly stated that using public-private partnerships for infrastructure projects is “**more trouble than it’s worth.**” (September 29)
 - Indications are that P3s may still be part of the package

Infrastructure Package

\$ 200 billion



Public leveraging of private dollars?



- In a meeting with members from House Ways and Means Committee, President Trump unexpectedly stated that using public-private partnerships for infrastructure projects is “**more trouble than it’s worth.**” (September 29)
- President’s Budget = only \$5B this year
 - Meanwhile, significant cuts to transit programs, TIGER, Amtrak

Infrastructure Package

\$ 200 billion



Public dollars?

Infrastructure Package

\$ 200 billion



Public dollars?

- Tax reform contains repatriation provision, but **does not** tie it to infrastructure investments and...
- Where's the leverage?
(more in a moment)

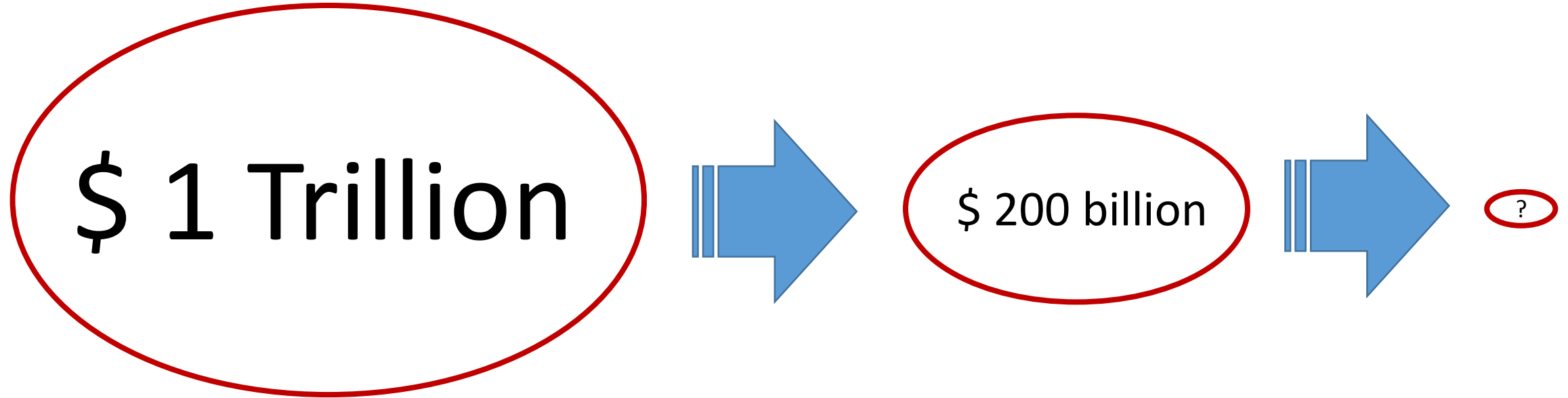


STOPPING CORPORATIONS FROM SHIPPING JOBS AND CAPITAL OVERSEAS

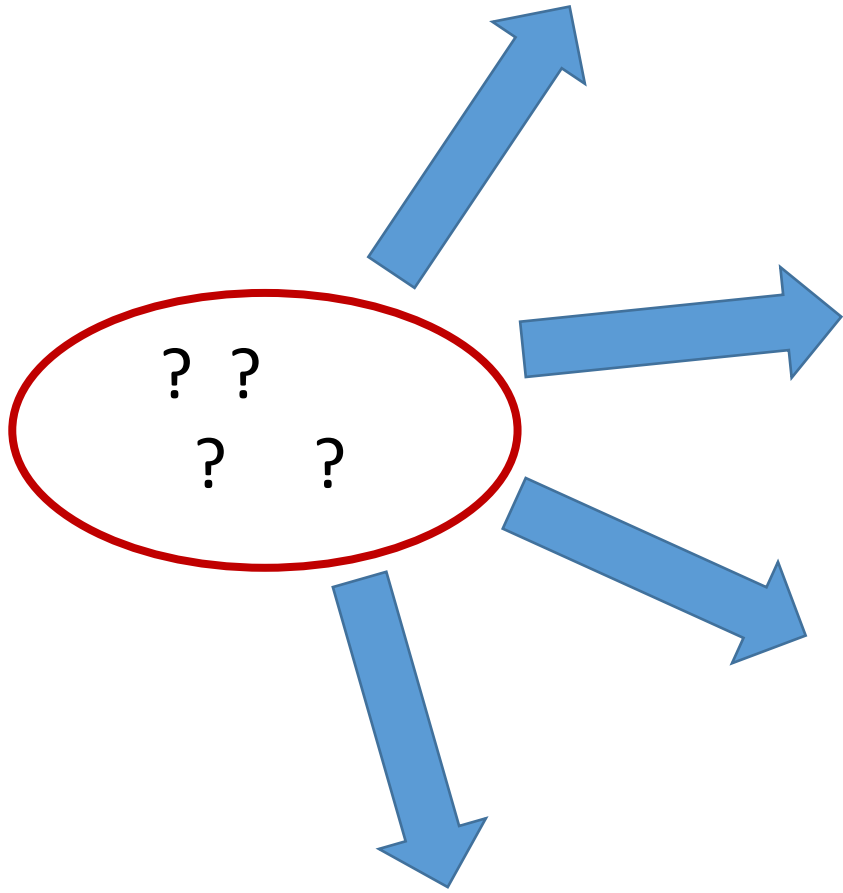
To prevent companies from shifting profits to tax havens, the framework includes rules to protect the U.S. tax base by taxing at a reduced rate and on a global basis the foreign profits of U.S. multinational corporations. The committees will incorporate rules to level the playing field between U.S.-headquartered parent companies and foreign-headquartered parent companies.

SEPTEMBER 27, 2017

Infrastructure Package

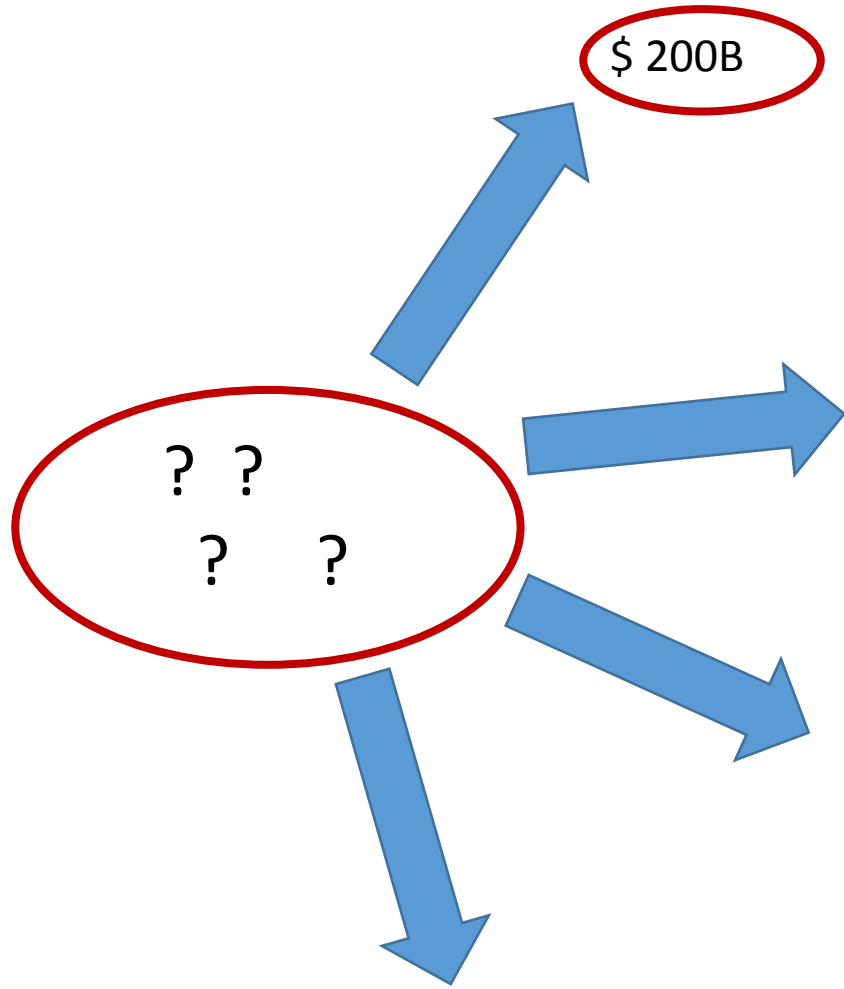


Infrastructure Package



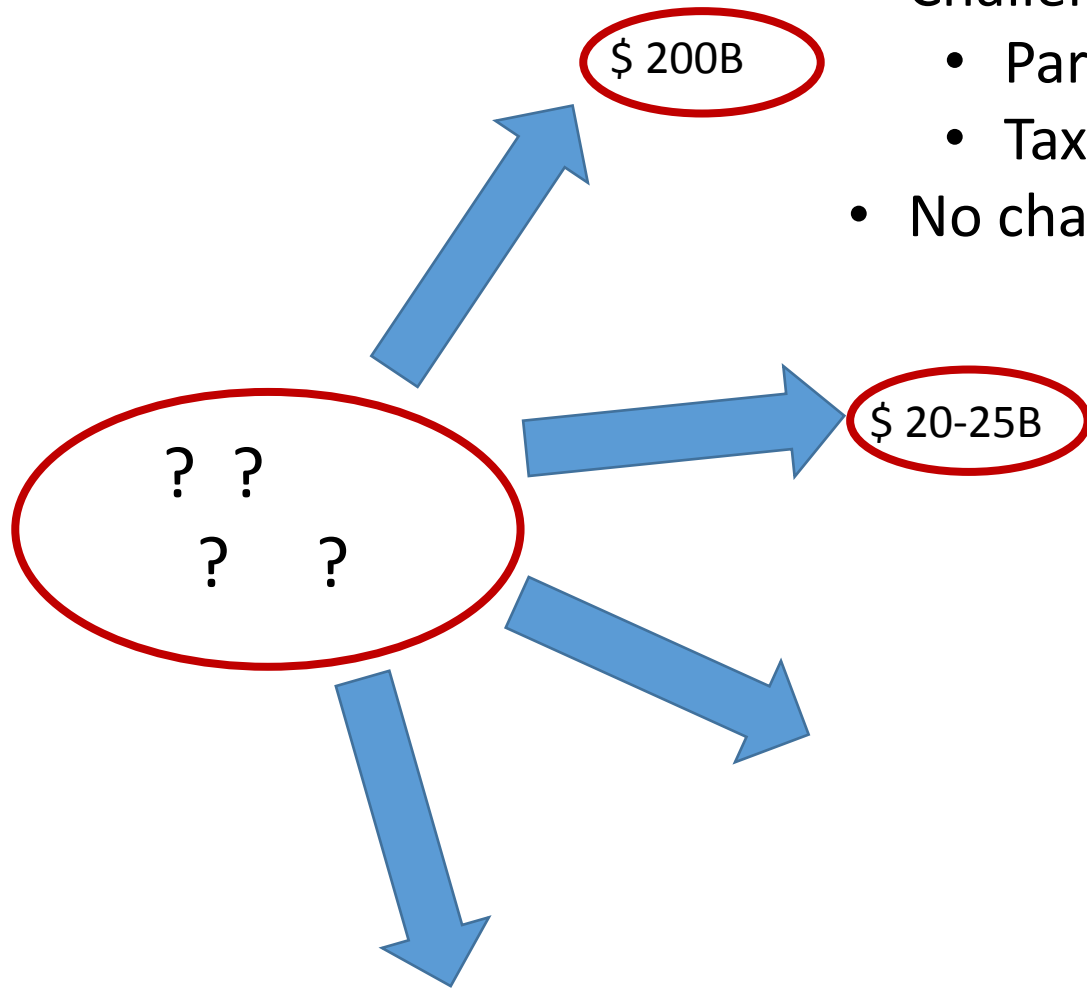
Infrastructure Package

- Challenging to pass (pay for, political reality)
 - Part of tax bill? Tax bill takes repatriation?
 - Tax bill make it more or less likely?
- No chance of gas tax increase



Infrastructure Package

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 - Spread over 4-5 years
 - Primarily focused on deregulation, streamlining
 - Pay-for unknown



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Existing Channels?

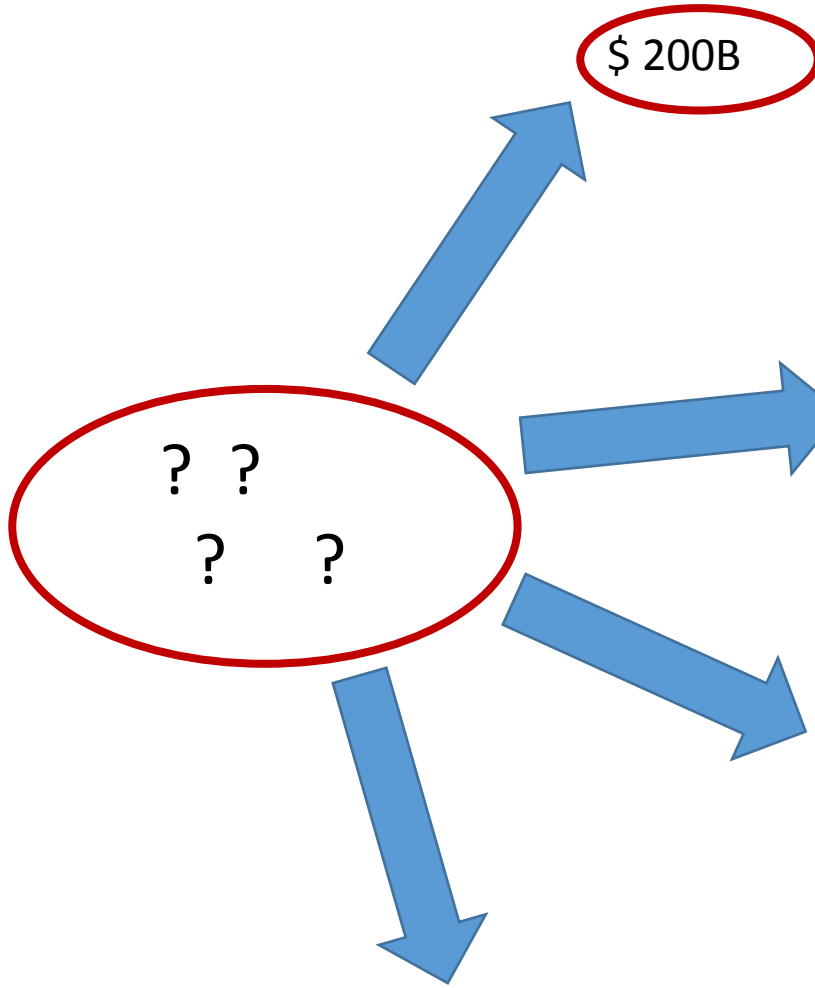
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\$ 200B

\$ 20-25B

? ?
? ?



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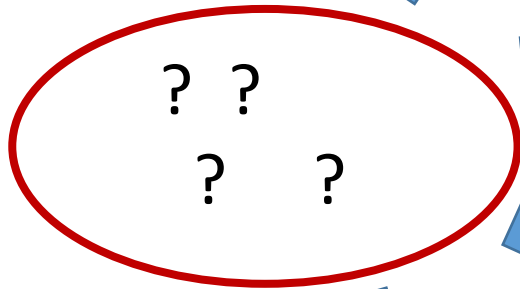
\$ 200B

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\$ 20-25B

- Absolutely no new investment
- Entirely focused on deregulation, streamlining
- Pay-for unnecessary

Dereg.



Infrastructure Package

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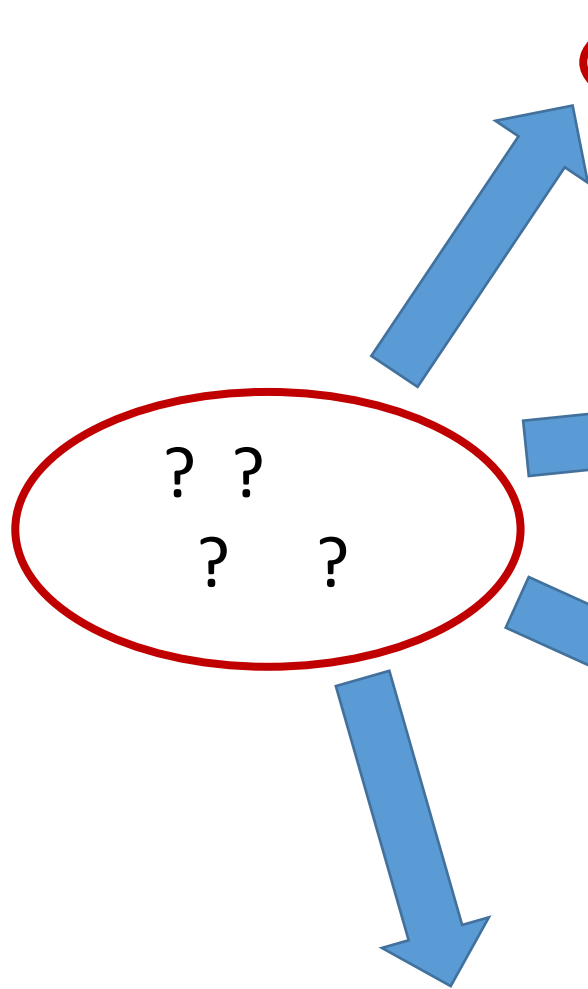
\$ 20-25B

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Dereg.

- Not a lot of action (on anything) to date
- Limited funding ■ hard to garner excitement
- Regardless, unlikely to see anything in 2017

Nada



Infrastructure Package

- Unknown policy
- Unknown funding
- Unknown pay-fors
- Unknown timing



Infrastructure Package

- The “other” \$800B
- If private equity is not the answer, then either:
 - \$100Bs more from federal government; **OR**
 - \$100Bs more from local areas
 - In the end, new investments likely to come from local areas investing their own dollars
 - Even if private equity is part of the answer
- Ever heard of “asset recycling”? Have any infrastructure to sell?

Streamlining

- Executive Order (EO) 13766 – agencies must expedite project review and approval; priority for “high priority” projects (according to CEQ)
- EO 13771 – agencies must eliminate 2 regulations for each new one
 - Total cost must be lower as well
- EO 13807 – Sets a 2-year target for completing env. docs.; performance measures for agencies
- Federal Register Notice Currently Seeking Comment
 - Docket No. DOT-OST-2017-0069 – open for comments until Nov. 1 on www.regulations.gov
 - DOT is “reviewing its existing regulations and other agency actions to evaluate their continued necessity, determine whether they are crafted effectively to solve current problems...”
- Working group
- Obvious priority of administration; often does not require Congress

Appropriations

- President's budget targets transit dollars of all types
- House Bill slashes New Starts, kills TIGER and Amtrak long-distance routes
 - Woodall rescission amendment
 - Makes STBGP suballocated funds available for rescission, Removes proportional takedown
- Senate Bill restores/increases funding
 - No rescission, which means no Woodall amdt
- Most likely outcome is a CR for rest of fiscal year
 - Means Woodall amendment goes away

Automated Vehicles

- Senate and House have each passed AV bills
 - Similar but not identical
 - A final agreement is likely, but not guaranteed
 - First step, with more to come
- Issues of local concern:
 - Federal preemption of state/local decisions
 - Data sharing

Other Issues

- McCarthy: changes LRTP planning horizon from 4 or 5 years to 10 years
 - Split opinion among NARC members
 - Pushing to change to pilot projects
- Performance Based Planning and Programming
 - Safety
 - GHG Measure: Administration relented in the face of a lawsuit and put this part of the rule into effect
 - Docket No. FHWA-2017-0025 will repeal: open for comment until Nov. 6 on www.regulations.gov
 - AASHTO pooled fund approach

Other Issues

- And now, a serious note...
- Legislated/Regulated out of existence?
 - AASHTO approach to regulatory changes
 - MPO Rule, Woodall Amdt
- Danger of transit, bike/ped losing federal support
- Thinking about changes in next authorization bill

Thank you!



My contact info:

erich@narc.org

202-618-5697

Email if you want to receive *Transportation Thursdays*