



**ADDENDUM**  
**Meeting of the Connect Transit Board of Trustees**  
**January 23, 2018**

Consent Agenda Report:

D6. Federal Report for Connect Transit – Prepared by Cardinal Infrastructure

**Federal Report for Connect Transit**  
**Prepared by Cardinal Infrastructure**  
**January 23, 2018**

**Tax Reform Update**

The President has signed the tax reform bill sent to his desk after the House and Senate produced and passed its conference report. The House passed the bill on a 224-201 vote, the Senate voted 51-48. Most notably, the tax exemption for private activity bonds is preserved, advance refunding of municipal debt is eliminated as of January 1, 2018, commuter tax benefit for employees for pre-tax parking and transit programs was preserved but the bill eliminated the ability of employers to write-off subsidized parking and transit benefits. Furthermore, the alternative fuel tax credit was not extended in the bill; however, Senator Hatch introduced the Tax Extender Act, S. 2256, just after the passage of the tax reform bill. If enacted, the legislation will extend the credit provisions for alternative fuel vehicle refueling property and excise tax credits relating to alternative fuels.

**Infrastructure Update**

Details of the White House's infrastructure package have been slowly coming out via senior Administration officials. The White House will likely release its legislative principles late January or early February, outlining the President's infrastructure proposal which will then be used as a blueprint to craft a bill. More details will probably be outlined in the President's budget proposal, planned to be released in February.

In the last two months, DJ Gribbin, Special Assistant to the President for Infrastructure Policy, has promoted some provisions of the plan. D.J. emphasized that the Administration remains committed to making it easier for local governments and public-private partnerships to apply for federal infrastructure funding. The goal is to have "clear, measurable, objective criteria" so applicants can determine whether they are competitive candidates to receive federal funds. This addresses so-called "transformative projects" which are large, capital intensive projects in new industries where it's tough to obtain private capital, according to the White House. Furthermore, the infrastructure plan could address the Highway Trust Fund, which is due to run out of money in 2020, in order "to make sure we don't end this [infrastructure] debate and still have a 2020 issue," Gribbin said.

**Government Funding**

The current funding deadline in the continuing resolution (CR) is January 19th. One of the key issues to getting an agreement on a further extension of funding is a fix to the Deferred Action for Childhood Arrivals (DACA) program. There is bi-partisan support for a fix but the details of an agreement have become elusive. To provide permanent relief, the GOP wants increased spending for a border wall or border security, while the Democrats want a DACA bill to pass without increased spending on border security. President Trump has extended the legal authority for "Dreamers" (impacted by DACA) to stay in the country until March 2018. Key staffers are indicating that even if there is an agreement on funding allocations for the Omnibus Spending package, there will need to be another continuing resolution funding extension passed beyond January 19th—so that the appropriators have time to put their bills together with the new allocations.

**Infrastructure Plan and Gas Tax**

The 48-member bipartisan House Problem Solvers Caucus released its infrastructure outline, prior to the Administration's release of its plans later this month. The plan includes proposals to boost revenue from the federal gas tax (indexing it to inflation). The plan also recommends that highway projects over \$20

million undergo the same life cycle assessments that transit projects currently do. The Caucus plans to meet with Senate leadership later this month to see if it can build consensus on moving forward with infrastructure legislation. When Caucus members met with White House prior to the release of its report, they said there were substantial similarities between the plans.

### **Capital Investment Grant Program**

Many House Democrats sent a letter on December 11<sup>th</sup> to Senate and House leadership, and senior members of the House and Senate Committees on Appropriations. The letter requests \$2.3 billion to fund the Capital Investment Grant (CIG) program and requests that the 54 projects currently in the CIG pipeline continue to be advanced through the project development, engineering, and grant award process of the program.

Senators sent a similarly worded letter to the Senate Appropriations Committee and the Transportation, Housing and Urban Development Appropriations Subcommittee in support of the CIG program. An excerpt from the Senate letter states: "There are nearly 70 projects in the current CIG program pipeline in 23 states, and requests to participate in the CIG program far exceed the program's current funding levels. Robust funding is needed to meet that demand and uphold the commitment made to communities across the United States in the FAST Act by bipartisan majorities in Congress."

### **Automated Transit Buses**

The USDOT has released notices for comment relating to automated driving systems and automated transit bus research and regulatory barriers. This request for comment will obtain transit industry comment regarding current or potential institutional, regulatory, or other policy barriers to the development, demonstration, deployment, and evaluation of automated transit buses and related technologies. Information from this notice will also provide critical feedback on potential modifications of FTA rules, regulations, and agency guidance. Comments are due by March 2, 2018.

### **STAR Plan**

The Federal Transit Administration hosted a discussion on "Introducing FTA's Strategic Transit Automation Research (STAR) Plan." The presentation provided an overview of the STAR plan, discussed FTA bus automation research activities and provide methods for stakeholders to engage in the process.

The scope of the STAR plan will include transit bus operations. The STAR plan work areas include: enabling research; integrated demonstrations; strategic partnerships; stakeholder engagement, knowledge transfer, and technical assistance. The development process used in putting together the plan included: identifying, analyzing, and prioritizing use case scenarios for automating transit bus operations; engaging stakeholders; and developing a plan for future transit automation development and demonstration projects. The full STAR plan is expected to be completed and published this month.

### **National Security Strategy**

President Trump outlined the Administration's National Security Strategy (NSS). This is a statutorily mandated document prepared by the Executive Branch which outlines the government's top-tier national security concerns and broadly outlines how it plans to address them. The Administration's NSS outlines policy and regulatory approaches to a number of challenges, including but not limited to, economic growth and infrastructure investments. On improving infrastructure, the NSS emphasizes the role of state and local governments, working with federal partners and private industry to "improve...roads and railways, transit systems, and telecommunications." One way to achieve increased economic prosperity, according to the document, is through limiting or modifying environmental and

infrastructure regulations which "impeded American energy trade and the development of new infrastructure projects."

### **Bridge Investment Act**

Senators Sherrod Brown (D-OH), Ranking Member on Banking Committee; Ron Wyden (D-OR), Ranking Member on Finance Committee; and Sheldon Whitehouse (D-RI), member of the Environmental and Public Works Committee are introducing the Bridge Investment Act - a new competitive grant program that provides \$75 billion over 10-years for bridge repair projects. The goal is to have it included in an infrastructure package. The federal portion would be "leveraged by state and local contributions, resulting in \$100 to \$150 billion of projects." The bill permits bundling of projects and multi-year grant agreements. In addition, the bill establishes a standardized, non-partisan evaluation process.

### **Earmarks**

President Donald Trump unexpectedly told a group of Republicans and Democrats at the White House meeting on immigration policy that Congress should consider reviving geographically-directed spending, also known as earmarks. House Appropriations Chairman Rodney Frelinghuysen (R-NJ), said he supports the return of earmarks. Rules Chairman Pete Sessions (R-TX) said his panel will hold hearings on "congressionally directed spending." He expects one day will be dedicated to testimony from members of Congress and, one day will be focused on hearing from outside stakeholders. House Speaker Ryan (R-WI) stopped short of confirming that earmarks are "making a comeback," saying only that "conversations are making a comeback."

### **Administration Personnel**

Paul Trombino withdrew his nomination to head the Federal Highway Administration. According to a US DOT spokeswoman, Trombino withdrew due to family matters. Trombino previously served as the head of the Iowa DOT. His nomination had been approved by the Senate Environment and Public Works Committee.