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SPECIAL SESSION CONTINUES: Missouri lawmakers continued to debate this week on how to balance the state budget in a special legislative session that began last week.

Gov. Bob Holden called lawmakers back to Jefferson City after he vetoed four budget bills because he believed the legislation cut vital services in the areas of education, social services and health. The governor wants the General Assembly to place several tax increase proposals before voters to generate more state revenue, but a majority of Republicans—who control both the House and Senate—have said they do not favor raising taxes.

Holden has already signed legislation containing MoDOT's budget appropriations for the coming year so the outcome of the special session should have little impact on the department.

The General Assembly is expected to continue in special session next week.

Federal Transportation Update:

FAA REAUTHORIZATION BILLS MOVE FORWARD: The U.S. House of Representatives overwhelmingly passed a four-year, \$59 billion AIR-21 reauthorization bill on June 11.

AIR-21, the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, was a comprehensive act that set funding levels for the nation's aviation system for a three year period. The \$40 billion program is set to expire Sept. 30, 2003.

The House bill, HR 2115, would provide the following funding levels for the Airport Improvement Program at: \$3.4 billion in FY 2004; \$3.6 billion in FY 2005; \$3.8 billion in FY 2006; and \$4.0 billion in FY 2007.

H.R. 2115 now moves on to the Senate for consideration.

The Senate's Federal Aviation Administration reauthorization bill also is advancing. The Senate Finance Committee unanimously approved S. 824 on June 5 and the bill now moves to the senate floor. This three-year act would set the funding level at \$3.4 billion in FY 2004, \$3.5 billion in FY 2005, and \$3.6 billion in FY 2006.

John McCain, R-Ariz., chairman of the Senate Commerce, Science and Transportation Committee, said he would push to get the \$43.5 billion bill on the floor June 13.

SENATE DEBATING ENERGY LEGISLATION: The Senate currently is debating omnibus energy legislation (S. 14) titled “The Energy Policy Act of 2003”. Numerous amendments are being proposed to the version that passed out of the Energy and Natural Resource Committee.

One of the amendments is a mandate to significantly increase the amount of ethanol used in motor fuels by 2012. It also would phase out the use the gasoline additive methyl tertiary butyl ether (MTBE) over the next four years.

Already in the bill is a provision to eliminate the 5.3-cent per gallon ethanol exemption from the federal gasoline tax. Since 1978, a special federal fuel tax subsidy for ethanol fuel has existed. Currently, ethanol blended fuel is taxed at a rate of 13.1 cents per gallon while the federal fuel tax rate for gasoline is 18.4 cents per gallon. That tax exemption currently reduces Highway Trust Fund revenue by approximately \$1.6 billion annually.

TOLL LEGISLATION CONSIDERED: The Heritage Foundation, a public policy research organization, held a forum June 4 to discuss the issue of toll facilities. Rep. Mark Kennedy, R-Minn., and Sen. Wayne Allard, R-Colo., presented their proposal to authorize the use of tolls on the interstate highway system.

The bill (HR 1767) titled "Freeing Alternatives for Speedy Transportation" (FAST) would repeal a 1958 federal prohibition on placing tolls or fees on a roadway that is part of the Interstate highway system. Under the bill, fees could be collected to finance additional lanes on the interstate for the purpose of reducing traffic congestion. The tolls would be discontinued when the transportation infrastructure was paid off.

Sen. Kit Bond, R-Mo., also recently suggested tolling as a way of generating revenue to fix the nation’s interstate system.

TRANSIT BOND PLAN PROPOSED: Senate Finance Committee leaders Charles Grassley, R-Iowa, and Max Baucus, D-Mont., are proposing to change the way federal funding of mass transit projects is handled. Currently, 2.86 cents per gallon of the federal gas tax goes to the Mass Transit Account of the Highway Trust Fund to fund federal transit programs. The proposal would redirect 2.36 of the 2.86 cents per gallon to highway programs and require the Treasury Department to sell bonds to provide the remainder of the funding for transit.

Leaders of the Senate Banking, Housing and Urban Affairs Committee, which has jurisdiction over mass transit, recently wrote to convey their opposition to the plan. A copy of the letter can be found at http://www.antc.net/campaign/Sarbanes_Shelby_letter.pdf

AMTRAK REAUTHORIZATION LEGISLATION EXPECTED: Sen. Kay Hutchison, R-Texas, recently announced her intentions to introduce a bill soon to reauthorize Amtrak for five years. She stated her bill would authorize \$40 billion in government bonds for repairs and improvements to freight rail lines and \$10 billion for Northeast Corridor improvements. Her proposal sets the funding level the same as what was previously requested by Amtrak. Further details will be forthcoming once the legislation is introduced.

The USDOT's proposal has not been released yet, however, Secretary Norman Mineta said the administration's plan would be revealed prior to the congressional recess in August.

TEA-21 REAUTHORIZATION INFORMATION AVAILABLE: MoDOT's latest TEA-21 reauthorization newsletter can be found on the department's website at <http://www.modot.state.mo.us/about/documents/TEAupdate060603.pdf> .