House Stimulus Bill

On December 17, 2009, the House passed Stimulus II funding by a close vote, 217-212. Below is a summary of the bill’s transit and highway provisions.

The Senate is not expected to take up its version of a stimulus bill until next year. The closeness of the vote in the House, the fact that no Republicans voted for it and 38 Democrats voted against it, suggests that any stimulus funding bill in the Senate will face a tougher debate and vote. There is growing sentiment against large expansions of deficit spending, much of Stimulus I has not been spent, and there is more focus in the Senate in offsetting any new deficit spending with cuts in funding elsewhere.

House Stimulus Bill

Transit Funding. The House-passed Stimulus II would make $8.4 billion available for transit in a manner very similar to the way ARRA funds were made available earlier this year. Funding would be allocated as follows –

> $6.15 billion – capital formula funds (80% via urbanized area formula; 10% under growing states/high density formula; and 10% under non- urbanized area formula);
> $1.75 billion – rail modernization funds; and
> $500 million – new starts.

The period of availability of fund is not specified but probably would be until September 30, 2011; oversight funds given to FTA would expire September 30, 2013.

As with ARRA, $100 million would be taken "off the top" for discretionary grants to transit agencies for capital investments that address greenhouse gas reduction.

The federal share would be up to 100% at the option of the recipient, although it appears new start projects would continue to have an 80% federal share. All other federal transit grant requirements would apply to the funds. Note that up to 10 percent of the funds apportioned to a State or UZA may be used for operating costs of equipment and facilities.

As with ARRA, funds would have a use-it-or-lose-it deadline. Ninety days after apportionment, urbanized areas lose the not under contract portion of 50% of apportionment. One year after apportionment, urbanized areas lose funds not under contract. [This "under contract" language is difficult if not impossible for transit entities to meet given the application process; presumably this would be changed or interpreted to mean "obligated" as was the case under ARRA.] New starts funds would not be subject to use/lose but priority would be given projects that could spend funds quickly.

Buy America Provision. The bill would revise the transit Buy America provision by adding a requirement that a waiver's impact on domestic manufacturing employment be considered and by making the existing waiver process more transparent and open – i.e., by having public interest waivers first published on FTA website and available for comment, etc.

Highway Funding. The House-passed Stimulus II bill would make $27.5 billion available, the same amount made available under ARRA, and for the same purposes – restoration, repair, construction and other activities eligible under the highway title, and for passenger and freight rail transportation and port infrastructure projects. Funds would be available until September 30, 2011.

Off the top set-asides are generally the same as under ARRA - $105 million for Puerto Rico; $45 million for territories; $60 million for ferries; $550 million for Indian reservations and Federal lands; $20 million for training; $20 million for DBE bonding; and $40 million for FHWA oversight.

Funds would then be made available as under ARRA –

50% via STP formula in 23 USC 104(b)(3); and
50% via FY 2008 obligation limitation ratio.

In each state, funds would be set aside 3% for enhancements and 30% to be sub-allocated by population.

The federal share would be up to 100% at the option of the recipient.

Use/lose deadlines would be, first, 90 days after apportionment, a state loses the not under contract portion of 50% of its apportionment. A year after apportionment, a state loses any remaining funds not under contract.

Highway Trust Fund Fixes. The bill would amend the tax code to allow the Trust Fund to earn interest on its balances – worth $500 million to $1 billion a year. It would transfer $19.5 billion in foregone interest back to the Trust Fund. Trust fund balances would be increased by $1.7 billion annually by shifting to the general fund the payment of fuel tax exemptions, such as those provided to state and local governments.

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