GOVERNMENT AFFAIRS AND POLICY
2018 POLICY MEETING

MAY 3, 2018
MARRIOTT MARQUIS
WASHINGTON, D.C.
Agenda

9:00 a.m. – Policy Update
  - Legislation
  - Regulations/Administrative Actions
  - State/Local Issues
  - Other Matters

11:15 a.m. – Washington Update - Bloomberg

12:00 p.m. – Lunch
Legislation

➢ Appropriations - FY 2019
  ✓ Security Grant funding
  ✓ Lease & Interchange
  ✓ National Park Service Fees

➢ FAA Reauthorization
  ✓ Airport Access
  ✓ Meal / Rest Breaks

➢ Infrastructure
  ✓ Fuel Tax
  ✓ Tolling provision
  ✓ Expanded Opportunities

➢ Autonomous Vehicles / Data Access
  ✓ H.R. 3388 – SELF DRIVE Act
  ✓ S. 1885 – AV START Act

➢ Security Bills
  ✓ H.R. 2975 SAFER TRANSIT Act
  ✓ S. 763 Surface Transportation and Maritime Security Act
  ✓ H.R. 4227/S. 2077 – Vehicle Ramming Bills
  ✓ -- Transport of knives

➢ Miscellaneous
  ✓ S. 2017/H.R. 4156 – FLSA -HOS
  ✓ S. 1532/1536 – Human Trafficking
  ✓ --Sexual Assault
  ✓ -- Time Change
Legislation

1. Appropriations

- FY 2018 – omnibus appropriations
- FY 2019 – appropriations
K&L Gates and ABA

- K&L Gates Policy Group
  - Who are we?
- Federal Budget Macro-Picture
  - Mandatory vs Discretionary Spending
  - Sequestration & Fiscal Constraints
  - Bipartisan Budget Act of 2018
  - National Debt
- ABA Policy Issues
  - Bus Security Funding
  - National Parks
Mandatory vs Discretionary

Outlays, by Category

Under current law, rising spending for Social Security and Medicare would boost mandatory outlays. Total discretionary spending is projected to fall as a share of gross domestic product as outlays grow modestly in nominal terms. At the same time, growing debt and higher interest rates are projected to push up net interest costs.
Federal Fiscal Constraints

• **Sequestration**
  • 2011 - Hard caps on defense and non-defense spending

• **Bipartisan Budget Act of 2018**
  • Deal to increase spending caps for FY 18 & FY 19

• **National Debt**
  • Still a significant factor in all federal spending
  • CBO Projection: Debt = 100% of GDP by 2028

• **Challenging Environment**
  • Must make best arguments to secure federal funding
Bus Security Funding

• Member Targets
  • Top-25 IBSGP Recipients
  • House and Senate Homeland Approps Subcommittee Members

• Request
  • $7 Million
  • Scale up

• Messaging
  • IBSGP Creation – 9/11 Commission Act
  • Vehicle Ramming Threat (TSA Report)
  • Stats: AMTRAK vs Bus Industry
Bus Security Funding

• Results
  • House – 26 Members Confirmed
  • Senate – 12 Members Confirmed

• When will we know FY 19 Funding Level?
  • Likely before August
National Parks Fees

• FY 19 Report Language
  • NPS to suspend and restart

• Challenges
  • Need to build support
  • House & Senate Interior Subcommittee Members
  • Tour & Travel Caucus

• Messaging
  • NPS should follow proper rulemaking procedure
  • Otherwise, small businesses are harmed
Legislation

1. Appropriations
   - FY 2018 – omnibus appropriations
   - FY 2019 – appropriations

2. FAA Reauthorization

3. Infrastructure

4. Security Grants

5. Autonomous Vehicles - Data Access
Formation of Ad-Hoc HAV Data Access Coalition

- Started by American Car Rental Association
- Light-duty OEMs, Europe and “Extended Vehicle”
- Coalition Comprised of Like-Minded Stakeholders:
  - Consumer Groups (individual vehicle owners)
  - Fleet Owners (ABA, ACRA, NAFA, ATA, AALA)
  - Third Parties (Telematics, Insurance, etc.)
  - Independent Repair Shops and Parts Suppliers
  - Heavy Duty Stakeholders Are Hovering
- Core issue – Who “owns” or controls data created or stored in a vehicle (bus, truck, car)?
Coalition Pushes for U.S. Policy

• Goal – Owners of vehicles “own” and control data
• 2015 highway bill – event data recorder provision
• Tried to replicate in Senate HAV bill
• Bridge too far for policymakers (and OEMs?)
• “Settled” for moratorium and balanced stakeholder study group
• Coalition backed the “Inhofe/Baldwin Data Access Amendment”
• Coalition will push for inclusion in final bill
GAVDA – Next Logical Step After Coalition

- Vehicle data access debate is not just in U.S.
- And not just a light duty vehicle issue
- E.U., Canada, Australia, Japan and India
- OEMs coordinating global data access strategies
- Shouldn’t vehicle owners do so as well?
- “Global Alliance for Vehicle Data Access” is born
- Umbrella organization for vehicle owners to coordinate policy, research and advocacy
- ABA and others have formed GAVDA’s first Board
www.gavda.org

gscott@gavda.org
Regulations/Administrative Actions

FMCSA
- Certification of Safety Auditors - await NPRM
- FMCSA rules of practice – await NPRM
- FMCSA rulemaking procedures - NPRM
- E-L Driver Training/Upgrades – await NPRM
- Lease & Interchange – Final Rule
- Lap/Shoulder Seat belts – await NPRM
- Drug/Alcohol; State CDL downgrades – await NPRM
- Diabetes – Mainstream CDL drivers - NPRM
- CLP Validity - NPRM
- VA Physician on Medical Registry - NPRM
- Military Licensing; State waiver – NPRM
- Electronic Logging Devices – Final Rule
  - Exemptions
- ELD – Personal Conveyance Guidance - Notice
- Demo Program, Crash Preventability – till 8/1/19
- New Entrant Proficiency Exam – ANPRM
- CDL Testing Delays - Study – Notice
- Parts & Accessories - NPRM
- Beyond Compliance – 2015 and 2016 notices
- Curbside Bus Operator – Notice
- High Risk Carrier Definition - Notice
- Updated SMS Enhancements – Notice/Supplement
- L&I Information Request
- AV Obstacles to Implementation - Notice

NHTSA
- Structural Integrity – await Final Rule
- FMVSS 210 – Supplemental NPRM
- Speed Limiters (w/FMCSA) – await NPRM
- Glazing & Ejection – await Final Rule

FHWA
- CMAQ – await Withdrawal
- Performance Measures/GHG – NPRM
- MPOs – await Withdrawal
- Tolling/HOV Guidance – Notice
- BUILD Grants - Notice

OTHER
- USDOT – Opioids/Drug & Alcohol Testing – Final Rule
- TSA - Security Training – NPRM
- OSHA - Illness/Injury Reports – await NPRM
- OSHA – Tracking Illness/Injury – Final Rule
- Fee Structure/Increases - NPS
- USDOT - OTRB regulations – await NPRM
- TSA - VA & Security Plans – ANPRM
- USDOT - Regulatory Review
- DOD inspections – agreement w/FMCSA
- IRS Rules – Tax Cuts implementation
Regulations/Administrative Actions

➢ Regulations

1. Lease & Interchange
2. ELDs
3. TSA Regulatory proposals – NPRM/ANPRM
4. Seatbelts
5. Autonomous vehicles - Notice

➢ Administrative Actions

1. NPS – Fee Increases
2. IRS – Final rules
Tax Reform
SELECTED IMPLEMENTATION TOPICS

Joe Mikrut
Melissa MUELLER
Capitol Tax Partners
Individual Tax Cuts

• Still seven rate brackets; significant rate cuts, but not as deep as promised ($1.2 trillion).
  • Not much benefit left for head of household status, particularly in higher brackets.

• Simplification -- Lots of moving parts:
  • Standard deduction nearly doubled ($720b)
  • Child credit (and refundable portion) increased ($573b)
  • Loss of personal and dependent exemptions +$1.2 trillion
  • Retention and revision of individual AMT ($637b)
  • No change to CG or qualified dividends, including 3.8% tax on investment income
  • Limit availability of itemized deductions +$668b
  • Qualified business income ($414b), disallow active pass-through losses ($150b),
    and modify holding period for carried interests ($1b)

• Chained CPI +$133b
• Estate tax retained, but exemption amounts nearly doubled ($83b)
• Repeal of individual mandate +$314b
• Almost all individual changes sunset after 2025.
Corporate Tax Changes

• Reduced corporate rate to 21 percent ($1.35t) and repeals corporate AMT ($40b), effective in 2018.

• Significant international tax reform – territorial tax system

• Principal pay-fors:
  • Repeal section 199 ($98b)
  • Amortize research expenses ($120b)
  • Impose “thin cap” limits on interest deduction ($253b)
  • Limit carryforwards of NOLs to 80% of taxable income and eliminate carrybacks ($201b)
  • Impose greater limits on deductibility of business entertainment expenses and fringe benefits ($41b)
  • Repeal like-kind exchanges other than real estate ($31b)

• Nearly 50% ($654b) of cost of rate reduction was not offset.
Qualified Business Income

• 20% deduction allowed for qualified business income from sole proprietorship, partnership, S corporation.
  • Applies to reduce taxable income, not AGI.
  • W-2 wage limitation (greater of 50% or 25% + 2.5% of property basis).
    • Does not apply to couples with income of less than $315,000.
    • Wages paid by an S corp. to its owner are W-2 wages; similar payments by partnerships, sole proprietorships are not.
  • Deduction does not apply to many service businesses (health, law, accounting, consulting, performing arts, etc.)
    • Engineering and architecture had better lobbyists; still qualify.
    • Service business exception does not apply to couples with income of less than $315,000.
    • Line drawing exercise
  • Conference agreement allows deduction for trusts and estates, as well as individuals.
  • Deduction sunsets TYBA 2025.
Capital Cost Changes
Expensing and LKE

• Increases sec. 179 deduction amount from $500,000 to $1 million and phase out range to $2.5 million, both indexed for inflation.

• Provides immediate expensing for property acquired and placed in service from 9/27/17 to 1/1/23.
  • 20 percentage point phase downs through 2026.
  • Includes “used” property.

• Repeals like-kind exchange treatment for personal property
  • Interplay with expensing provisions.
Example
LKE VERSUS EXPENSING

• **Assume:** ABC Co. exchanges an old motorcoach with a value of $100K and a tax basis of $40,000 plus $100,000 cash for a new motorcoach worth $200,000.

• **Prior Law:** No gain or loss on the exchange. ABC Co. takes a $140,000 depreciable basis in the new motorcoach (tax basis in old motorcoach plus $100,000 cash).

• **New Law:** ABC Co. recognizes $60,000 gain, but has a $200,000 expensing deduction, resulting in a net $140,000 deduction.
Business Interest Expense Disallowance

• Limits deductibility of business interest to 30% of EBIDA (EBI after 2021).
  • Carryover of unused interest.
  • Small business exception, $25 million average gross receipts.
  • Floor plan financing exception.
Other Items of Interest

• Use of cash method of accounting; $25 million threshold.

• Fringe benefit changes
  • No deduction for any activity generally considered to be entertainment, recreation or amusement. (No change to 50% business meals rule.)
  • Disallows deduction for providing any qualified transportation fringe benefit to employees and for commuting expenses (other than for safety).

• Estate and gift taxes
  • Retains estate, generation-skipping and gift taxes.
  • Doubles exemption amount to $10 million through 2026.
Key Next Steps For Implementation

• Identify problems and needs for guidance—JCT Blue Book

• Guidance in the form of notices
  • International and interest disallowance notices already issued
  • Withholding tables

• Guidance in the form of regulations
  • Interest disallowance
  • 20% QBI deduction

• “Corrections” bill – Will need 60 Votes in the Senate
Regulations/Administrative Actions

➢ Regulations

1. Lease & Interchange
2. ELDs
3. TSA Regulatory proposals – NPRM/ANPRM
4. Seatbelts
5. Autonomous vehicles - Notice

➢ Administrative Actions

1. NPS – Fee Increases
2. IRS – Final rules
3. Tolling/HOV (FAST Act) – Guidance Notice
4. USDOT “Build” Grants
State/Local Issues

1. San Francisco Airport – Inspections
2. Chicago - “Party Bus” Ordinance
3. New York - budget/inspections; restrictions
Other Matters

1. “Party Buses”
2. Aggregators
3. Impacts of TNCs
4. CBP/Immigration Checks
5. Joint Fly-In
6. Leadership meetings
BGOV OnPoint: Key Dates to Watch in 2018

Bloomberg Government Legislative Analysts

Updated April 2, 2018
What’s Left for 2018

Lawmakers will balance legislative efforts with Nov. 6 midterm elections
• House is scheduled to be in session for 15 more weeks before Election Day
• Senate slated to meet for 18 more weeks

The fiscal 2018 omnibus appropriations law (Public Law 115-141) resolved or deferred several high-priority legislative items:
• Firearm background checks
• Reauthorization of the Federal Communications Commission
• National Flood Insurance Program authorization extended to July 31
• FAA authorization extended to Sept. 30

Congress faces several other priorities for remaining months:
• Funding for fiscal 2019, defense authorization
• Action on top administration priorities, including a border wall, immigration overhaul, and infrastructure package
• Dodd-Frank banking regulation, further action on the opioid crisis, the farm bill

Congressional primaries began March 6
• Six special elections also planned for April through November

Notes: FAA – Federal Aviation Administration
Second Congressional Sessions More Productive

Twice as many bills often signed into law in second session relative to the first

- 97 laws signed in first session of the 115th Congress; 62 signed three months into 2018
- Total number of enacted laws has generally trended downward since 106\textsuperscript{th} Congress

When is Congress Most Productive?

Bills signed into law by congressional session. Lighter shade indicates laws signed to date

Source: BGOV analysis of congress.gov data
## Congress Has a Long Wish List

### Legislative priorities

<table>
<thead>
<tr>
<th>Topic</th>
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<tbody>
<tr>
<td>DACA/immigration</td>
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<tr>
<td>Border wall/security</td>
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<tr>
<td>Infrastructure</td>
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<td>Banking regulation/Dodd-Frank changes</td>
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<td>Tax overhaul extensions and corrections</td>
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<td>Further action on the opioid crisis</td>
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<td>Drug prices</td>
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<td>Autonomous vehicle regulation</td>
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<td>IRS overhaul</td>
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<td>Veterans’ health care</td>
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<td>CFIUS’s foreign investment vetting</td>
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<tr>
<td>Omnibus energy package</td>
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<tr>
<td>Fannie and Freddie overhaul</td>
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<td>ACA stabilization</td>
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### Reauthorizations in progress

<table>
<thead>
<tr>
<th>Program</th>
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<tr>
<td>Homeland Security Department</td>
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<td>National Transportation Safety Board</td>
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<tr>
<td>Higher Education Act</td>
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<tr>
<td>Coast Guard</td>
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<tr>
<td>Federal Aviation Administration</td>
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<tr>
<td>Securities and Exchange Commission</td>
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<tr>
<td>Farm bill</td>
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<tr>
<td>Defense authorization</td>
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<tr>
<td>National Flood Insurance Program</td>
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Notes: ACA – Affordable Care Act; CFIUS – Committee on Foreign Investment in the U.S.; DACA – Deferred Action for Childhood Arrivals
## Legislative Deadlines, Congressional Activity

<table>
<thead>
<tr>
<th>Date</th>
<th>What to watch</th>
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<tbody>
<tr>
<td>July 30-Sept. 3</td>
<td>House summer recess</td>
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<tr>
<td>July 31</td>
<td>Expiration of National Flood Insurance Program authorization</td>
</tr>
<tr>
<td>Aug. 4-Sept. 3</td>
<td>Senate summer recess</td>
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</table>
| Sept. 30           | Expiration of FAA, farm bill, VAWA domestic violence programs, emergency health preparedness authorities, animal drug user fees  
Deadline to pass spending measure for fiscal 2019 |
| Oct. 1             | Fiscal 2019 begins                                                            |
| Oct. 15-Nov. 12    | House election recess                                                          |
| Oct. 27-Nov. 12    | Senate election recess                                                         |
| Nov. 6             | Election Day                                                                   |
| Nov. 13            | First day of congressional lame-duck session                                   |
| Nov. 30            | Deadline for reports from joint select committees on Solvency of Multiemployer Employer Pension Plans and on Budget and Appropriations Process Reform |
| Dec. 13            | Scheduled House adjournment                                                    |
| Dec. 14            | Scheduled Senate adjournment                                                   |

Notes: FAA – Federal Aviation Administration; VAWA – Violence Against Women Act
Infrastructure! Infrastructure?

President Donald Trump released a plan alongside his fiscal 2019 budget request that would reallocate $200 billion in federal funds over a decade to generate a $1.5 trillion total infrastructure investment

» Proposes new programs to spur state, local, private investment; changes to existing programs
» Includes suggestions for streamlining environmental reviews and permitting, as well as judicial reforms and new workforce development programs

Plan would be funded by cuts to other programs under the fiscal 2019 budget

» Wouldn’t establish a new funding source or increase the federal gas tax
» Budget proposes eliminating TIGER grants, winding down FTA capital investment grants, in favor of new infrastructure programs

This presentation reviews:

» Allocation of the $200 billion
» New programs and changes to existing programs
» Highlights of proposed regulatory changes
» The federal government’s current role in infrastructure finance
» Next steps for Congress

Notes: TIGER – Transportation Investment Generating Economic Recovery; FTA – Federal Transit Administration
Source: White House infrastructure plan
Incentive grant program would account for half of appropriation

$200 billion in funding over a decade would come from cuts to other programs and generate additional state, local, and private investment to reach $1.5 trillion

**Funding for Trump Infrastructure Plan**
Allocation of appropriation by program in billions

- Infrastructure Incentives: $100
- Rural Infrastructure: $50
- Transformative Projects: $20
- Federal Credit Programs: $14
- Federal Capital Financing: $10
- Private Activity Bonds: $6

Source: [White House infrastructure plan](https://www.whitehouse.gov)
# New infrastructure programs

<table>
<thead>
<tr>
<th>Program name</th>
<th>Description</th>
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| Infrastructure incentives           | • Grant for as much as 20 percent of a project cost  
• Applications solicited every six months for a wide array of projects  
• Would prioritize applicants that create new revenue streams |
| Transformative projects             | • Competitive funding and technical assistance for “ambitious, exploratory, and ground-breaking” projects  
• Grants would cover as much as 80 percent of eligible costs  
• Could be used for broadband, commercial space, energy, water, transportation |
| Rural infrastructure                | • 80 percent formula-based block grant, 20 percent performance grant  
• Given to states for rural transportation, broadband, water, waste, power |
| Interior maintenance fund           | New fund that would use revenue from mineral and energy development for infrastructure on federal lands and waters for capital maintenance |
| Federal real property               | • Improve the process for disposing of federal assets  
• Sell assets more quickly and retain proceeds for reinvestment  
• Permit divestment of assets to state, local, or private entities |
| Federal capital financing fund      | New revolving fund that federal agencies would use to finance large real property purchases |

Source: [White House infrastructure plan](https://www.whitehouse.gov/)
## Other plan highlights

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| **Federal credit programs**| • Increase capacity for existing lending programs (TIFIA, RRIF, WIFIA)  
• Expand TIFIA to airports, more types of ports; WIFIA to flood mitigation, navigation, water supply, site cleanup, acquisitions; RRIF to short-line freight, passenger rail |
| **Private activity bonds** | • Remove issuance caps  
• Expand to more types of infrastructure projects                                                                                                                                                       |
| **Transportation financing**| • Allow states to impose tolls on interstates, commercialize rest areas  
• Expand state infrastructure bank credit assistance                                                                                                                                                      |
| **Highways**               | • Simplify approval, federal contracting processes  
• Allow utilities to relocate infrastructure before NEPA review completion                                                                                                                                 |
| **Transit**                | • Require value capture (e.g. sales tax, special assessment) from beneficiaries of transit projects                                                                                                                                                   |
| **Airports**               | Make it harder for air carriers to block airport privatization                                                                                                                                                                                                    |
| **Water**                  | • Expand eligibility for Clean Water State Revolving Fund to private treatment works  
• Authorize nonfederal construction and operation of inland waterways                                                                                                                                 |
| **Veterans Affairs**       | Provide VA with flexibility to sell or exchange facilities                                                                                                                                                                                                         |
| **Land revitalization**    | Replicate brownfield grant/revolving loan fund for Superfund projects                                                                                                                                                                                             |

Notes: TIFIA – Transportation Infrastructure Finance and Innovation Act; RRIF – Railroad Rehabilitation and Improvement Financing; WIFIA – Water Infrastructure Finance and Innovation Act; NEPA – National Environmental Policy Act  
Source: [White House infrastructure plan](https://www.whitehouse.gov/infrastructure/)
Faster permitting also a priority

New “one agency, one decision” process
» Lead agency would coordinate with other permitting agencies to reach collective decision in 21 months, permitting would have to be complete three months later
» One federal review document and one record of decision
» Streamline Army Corps and Environmental Protection Agency water reviews
» Streamline the National Environmental Policy Act (NEPA) review process
  • Limit consideration of alternatives to those that are feasible
  • Allow contractors to commence final design activities and project sponsors to pursue rail rights-of-way before NEPA completion

More delegation to the states
» Allow more federal agencies to assign NEPA responsibilities to states
» Allow states to obtain authorization for approving right-of-way transactions

Other changes:
» Two new pilot programs for conducting environmental reviews
» Waive federal reviews for state or private projects with de minimis federal share
» Lift “major” highway project requirements for projects of less than $1 billion (instead of $500 million) and smaller projects funded under the Surface Transportation Block Grant Program

Source: White House infrastructure plan
About a quarter of infrastructure spending is federal

- Federal government contributes more for capital investment than maintenance
- State and local governments supplied about 76 percent of funding in 2014
- Critics of new plan say it would shift additional responsibility to state and local governments

**Source of Infrastructure Funding**
Fiscal 2014

- Federal capital: 16%
- Federal operation and maintenance: 7%
- State and local capital: 27%
- State and local operations and maintenance: 50%

Notes: Includes outlays for transportation and water infrastructure. Doesn’t include private investment. Percentages may not sum due to rounding.

Source: [Congressional Budget Office](https://www.cbo.gov)
New investment has dropped

» Public spending on operation and maintenance of existing infrastructure has increased steadily

» Capital investment has trended down most years since fiscal 2003
  • Decline has occurred at all levels of government

Public Investment in Transportation and Water Infrastructure
In billions, by fiscal year

Notes: Includes federal, state, and local spending. Adjusted for inflation using price index for infrastructure inputs
Source: Congressional Budget Office
Gas Tax

- Republicans and conservative interest groups are at odds over whether to increase the motor fuels tax as part of a forthcoming infrastructure plan
  - The White House has sent mixed signals on the tax; the administration infrastructure plan didn’t mention it
  - Congressional Republicans have mixed opinions. Many say they’re waiting for the administration to take a position
  - The U.S. Chamber of Commerce supports a 25 cents per gallon gas tax increase, while Americans for Prosperity and Freedom Partners don’t want it changed

- The tax hasn’t been increased since 1993
  - The rates remain 18.4 cents per gallon for gasoline and 24.4 cents for diesel
    - Includes a 0.1 cent per gallon levy for the Leaking Underground Storage Tank trust fund (LUST)
    - Remainder goes to the Highway Trust Fund for highways and transit
Highway trust fund revenue falls short

» The fund receives revenue from the motor fuels tax, several motorist fees
» Congress has transferred more than $140 billion from the general fund since 2008 to account for the shortfall
» New fix will be required by fiscal 2021, when latest transfer (from the 2015 FAST Act) runs out

**Highway Trust Fund Gap**
In billions, by fiscal year

![Highway Trust Fund Gap Graph](image_url)

Notes: Includes combined data from highway and transit accounts. Fiscal 2015 and 2016 data are actual. Other years are projections.
Source: Data for 2015 and 2016-2027 from the Congressional Budget Office.
Congress Spends (i.e. Thanks, but no thanks!)

Congress provided $21.2 billion for infrastructure in the fiscal 2018 omnibus spending law (Public Law 115-141)

Funding increases in the bill include:

- $3.5 billion for highways
- $3.1 billion for rail infrastructure
- $1.4 billion for water infrastructure
- Additional funding for broadband, cybersecurity, community development, Veterans Affairs facilities, and more

This presentation reviews:

- Discretionary funding for Transportation Department programs compared to fiscal 2017
- Fiscal 2018 funding for infrastructure programs at the departments of Agriculture, Energy, and Interior, as well as the Environmental Protection Agency
- Policy riders that were included in the final law

Source: House Appropriations Committee fact sheet
Spending Deal Paved Way for New Investment

Spending cap deal (Public Law 115-123) set aside $20 billion for infrastructure in fiscal 2018 and 2019

- Transportation Dept.’s discretionary appropriation for fiscal 2018 is 41 percent greater than fiscal 2017
- Related to President Donald Trump’s push to spur $1.5 trillion infrastructure investment (see BGOV OnPoint: Trump’s Infrastructure Plan Revealed)

Omnibus included new grants, topped up loan programs

- New discretionary grants for airports, transit, highways
- Tripled Transportation Investment Generating Economic Recovery (TIGER) grants for surface transportation to $1.5 billion
- Big increases for Environmental Protection Agency loan programs

Many administration proposals from the fiscal 2018 budget were rebuffed. The omnibus didn’t:

- Limit discretionary funds for the Essential Air Service subsidizing flights to small and remote airports
- Eliminate TIGER grants and HUD Community Development Block Grants
- Limit Capital Investment Grants to transit projects that already have agreements in place
- Cut federal funding for Amtrak’s state-supported routes

Note: HUD – Housing and Urban Development Department

Sources: Fiscal 2018 budget request; Fiscal 2018 Omnibus Appropriations Act; Joint Explanatory Statement for Transportation-Housing and Urban Development; Joint Explanatory Statement for Interior-Environment
Big Increases for Transportation Department

- The department will receive $86.2 billion in total budgetary resources
  - $27.3 billion is discretionary appropriations, remainder is from trust funds
  - Discretionary funding is $7.93 billion more than fiscal 2017

**Discretionary Spending for Transportation**

In billions

![Bar chart showing discretionary spending for transportation in billions, comparing FY 2017 and FY 2018 for FAA, FTA, FRA, FHWA, TIGER Grants, and MARAD.](chart.png)

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Notes: FAA – Federal Aviation Administration; FTA – Federal Transit Administration; FRA – Federal Railroad Administration; FHWA – Federal Highway Administration; TIGER – Transportation Investment Generating Economic Recovery; MARAD – Maritime Administration

New Grants, Toll Flexibility, Few Riders

New $2.53 billion in discretionary grants for highways from the general fund
• Other highway funding is from the Highway Trust Fund, at level authorized by FAST Act

FMCSA’s safety grants received $561.8 million from Highway Trust Fund
• $194.8 million more than fiscal 2017
• FMCSA and NHTSA received $100 million for self-driving car research and testing

Flexibility for toll road operators
• Old operating agreements could be amended to allow use of revenue for other highway purposes in excess of amount needed for operations, maintenance, and debt service

Few proposed policy riders related to trucks made it into the final agreement
• Temporary exemption for truckers carrying livestock and insects from electronic logging device requirement extended through fiscal 2018
• Omnibus omitted provision sought by trucking industry to bar states from mandating trucker hours
  • Had been in House-passed T-HUD bill, part of H.R. 3354
New Rail & Transit Funds

The Railroad Rehabilitation and Improvement Financing program received $25 million to begin subsidizing credit risk premium
• Before omnibus, premium was charged to borrowers when loan issued to cover the potential cost of the loan not being repaid, making the loans less attractive
• Size of premium based on factors including applicant’s financial condition, collateral

$250 million in grants available for positive train control, which can regulate speed and prevent collisions
• Provided through Consolidated Rail Infrastructure and Safety Improvement grants, which received $592.5 million, instead of $68 million in fiscal 2017

Amtrak Northeast Corridor received $650 million, $328 million more than fiscal 2017

New $834 million Federal Transit Administration grant for transit infrastructure

Substantial increase for Federal State Partnership for State of Good Repair grants
• Used for maintaining and replacing transit agency fixed guideway systems (light rail, trollies) and bus systems
• $250 million provided for fiscal 2018, up from $25 million in fiscal 2017

$2.64 million for transit Capital Investment Grants, $232.3 million more than fiscal 2017

Sources: “The Railroad Rehabilitation and Improvement Financing Program,” Congressional Research Service; Fiscal 2018 Omnibus Appropriations Act; Joint Explanatory Statement for Transportation-Housing and Urban Development
No Dedicated Funding for Gateway Program

Multipart project to rehabilitate rail infrastructure between New York and New Jersey

Dedicated federal funding triggered veto threat from Trump
• Administration wants states to provide more funding upfront
• $900 million set aside in House-passed T-HUD bill (part of H.R. 3354)

Project could access part of:
• $650 million for Amtrak Northeast Corridor
• $2.65 billion for Capital Investment Grants (program already has two pending applications)
• $592.5 million through Consolidated Rail Infrastructure and Safety Improvements Grants
• $250 million from Federal-State Partnership for State of Good Repair
• $153 million in additional formula funds for N.Y. and N.J.

Sources: “No Dedicated N.Y.-N.J. Rail Funds, Competitive Funds Available,” Bloomberg Government; Photo – Victor J. Blue, Bloomberg
Other Infrastructure Increases

Multimodal TIGER grants for surface transportation received $1.5 billion

- Previously funded at $500 million
- Administration proposed eliminating them
- 30 percent must be directed to rural areas
- Administration can’t use federal funding share as award criterion. Trump infrastructure plan proposed programs that would prioritize projects with new non-federal revenue sources

Notes: HUD – Housing and Urban Development Department; MARAD – Maritime Administration; NASA – National Aeronautics and Space Administration; TIGER – Transportation Investment Generating Economic Recovery; USDA – U.S. Department of Agriculture

Sources: Fiscal 2018 Omnibus Appropriations Act; Joint Explanatory Statement for Transportation-Housing and Urban Development; House Appropriations Committee Infrastructure Fact Sheet
2018 Congressional Calendar

JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

Senate only

Both in session
Get Ready for This Fall’s Senate Races

35 of the 100 Senate seats are up for election this year
- Two special elections after Al Franken (D-Minn.) and Thad Cochran (R-Miss.) resigned

Republicans hold 51 seats, Democrats have 47, and there are two independents

If Democrats net two seats, they’d take control
- In a 50/50 Senate, Vice President Mike Pence would break the tie

Republicans defending fewer seats, 10 Democrats are in states won by Trump

This slide deck provides an overview of:
- Current balance of power
- Map with states where there are Senate races
- The Republicans up for re-election
- Lists of Democrats in Trump and Clinton states

Editors responsible: Loren Duggan, Jodie Morris, Kathy Rizzo
*Minnesota and Mississippi have two races apiece because of special elections to fill the seats of senators who resigned.
Source: U.S. Senate
# Republicans Have Key Retirements

<table>
<thead>
<tr>
<th>Incumbent</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Barrasso (Wyo.)</td>
<td>Seeking re-election; Wyoming is the most pro-Donald Trump state holding Senate election</td>
</tr>
<tr>
<td>Bob Corker (Tenn.)</td>
<td>Retiring; likely Rep. Marsha Blackburn (R) vs. former Gov. Phil Bredesen (D)</td>
</tr>
<tr>
<td>Ted Cruz (Texas)</td>
<td>Seeking re-election; Rep. Beto O’Rourke (D) raised $6.7 million in first quarter of 2018</td>
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<tr>
<td>Deb Fischer (Neb.)</td>
<td>Seeking re-election; Lincoln City Councilwoman Jane Raybould (D) seeks to deny second term in Republican state</td>
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<tr>
<td>Jeff Flake (Ariz.)</td>
<td>Retiring; candidates include Rep. Kyrsten Sinema (D), Rep. Martha McSally (R), ex-state Sen. Kelli Ward (R) and former sheriff Joe Arpaio (R)</td>
</tr>
<tr>
<td>Orrin Hatch (Utah)</td>
<td>Retiring; former Mass. Gov. Mitt Romney (R) running</td>
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<tr>
<td>Dean Heller (Nev.)</td>
<td>Running; only Republican incumbent running in state won by Clinton; Rep. Jacky Rosen is the likely Democratic nominee</td>
</tr>
<tr>
<td>Cindy Hyde-Smith (Miss.)</td>
<td>Running for seat to which she was appointed; single-ballot race also features state Sen. Chris McDaniel (R), Tupelo Mayor Jason Shelton (R), former Rep. Mike Espy (D); runoff would be held Nov. 27</td>
</tr>
<tr>
<td>Roger Wicker (Miss.)</td>
<td>Running; was opposed in June 5 primary by McDaniel, who instead challenged Hyde-Smith</td>
</tr>
</tbody>
</table>
## 10 Democrats Running in States Trump Won

<table>
<thead>
<tr>
<th>Incumbent</th>
<th>Trump margin</th>
<th>2012 margin</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Manchin (W. Va.)</td>
<td>42%</td>
<td>24%</td>
<td>Rep. Evan Jenkins, state AG Patrick Morrisey, coal executive Don Blankenship in May 8 primary</td>
</tr>
<tr>
<td>Heidi Heitkamp (N.D.)</td>
<td>36%</td>
<td>1%</td>
<td>Rep. Kevin Cramer (R) entered race in February</td>
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<tr>
<td>Jon Tester (Mont.)</td>
<td>20%</td>
<td>4%</td>
<td>June 5 GOP primary includes state auditor Matt Rosendale, businessman Troy Downing, retired judge Russ Fagg</td>
</tr>
<tr>
<td>Joe Donnelly (Ind.)</td>
<td>19%</td>
<td>6%</td>
<td>Reps. Todd Rokita and Luke Messer and former state Rep. Mike Braun in May 8 primary</td>
</tr>
<tr>
<td>Claire McCaskill (Mo.)</td>
<td>19%</td>
<td>16%</td>
<td>State AG Josh Hawley (R) won statewide in 2016</td>
</tr>
<tr>
<td>Sherrod Brown (Ohio)</td>
<td>8%</td>
<td>6%</td>
<td>Rep. Jim Renacci (R) shifted from governor's race</td>
</tr>
<tr>
<td>Bill Nelson (Fla.)</td>
<td>1%</td>
<td>13%</td>
<td>Gov. Rick Scott (R) entering race</td>
</tr>
<tr>
<td>Tammy Baldwin (Wis.)</td>
<td>&lt;1%</td>
<td>6%</td>
<td>State Sen. Leah Vukmir, businessman Kevin Nicholson each have GOP megadonor ally*</td>
</tr>
<tr>
<td>Bob Casey (Pa.)</td>
<td>&lt;1%</td>
<td>9%</td>
<td>Rep. Lou Barletta likely Republican nominee</td>
</tr>
<tr>
<td>Debbie Stabenow (Mich.)</td>
<td>&lt;1%</td>
<td>21%</td>
<td>Businessmen John James and Sandy Pensler seek to deny Stabenow fourth term</td>
</tr>
</tbody>
</table>

*Vukmir is backed by billionaire Diane Hendricks, while Nicholson is backed by Richard Uihlein, the founder of the packaging company Ulite Corp.

Source: Official state election results
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