



## TRANSPORTATION ISSUE PAPER

San Antonio Chamber of Commerce  
San Antonio Hispanic Chamber of Commerce  
North San Antonio Chamber of Commerce  
South San Antonio Chamber of Commerce  
San Antonio Mobility Coalition  
Free Trade Alliance

### Federal Surface Transportation Reauthorization and/or Federal Transportation (Infrastructure) Initiative

**ISSUE:** Support a federal transportation (infrastructure) initiative and/or the next federal Surface Transportation Reauthorization Bill with:

- Robust and sustainable multi-modal funding including highway, transit and rail
- Expanded federal authority/increases regarding public-private partnerships, particularly for mega projects such as IH 35
- Continued streamlining/simplification of environmental process
- Elimination of donor state status for Texas

**BACKGROUND:** On December 3, 2015 the US House of Representatives approved a five-year \$305 billion federal surface transportation reauthorization bill entitled Fixing America's Surface Transportation Act, or the FAST Act that was signed into law by President Obama on December 4, 2015.

The FAST Act provided \$225 billion in Highway Trust Fund contract authority over five years for the Federal-Aid Highway Program – starting at \$41 billion in 2015 rising to \$47 billion in 2020. For the initial year, this represented about a five percent increase in overall highway programs. The FAST Act also provided a first-year increase of about 16 percent for transit programs and an increase in passenger rail funding of 9 percent.

With the FAST Act set to expire in 2020, the conversation regarding the next multi-year reauthorization bill is well underway.

In addition, the Trump Administration is likely to unveil in early 2018 an infrastructure initiative – most likely including transportation, water, and energy, etc. - that has been under development the past year.

The following are principles that we would urge Congress to consider in either the next federal surface transportation reauthorization bill and/or a federal infrastructure initiative that appears to be forthcoming:

#### Robust and Sustainable Funding – Highway, Transit, and Rail

When the FAST Act was passed, the average annual funding level of \$57.5 billion for highways and transit fell \$16 billion short of what the Highway Trust Fund's annual purchasing power provided in 1993, the last time the federal gasoline tax was raised. Further, the Act relied upon \$70 billion in General Fund support including a number of one-time funding measures. The anticipated gap between Highway Trust Fund income and anticipated spending in 2021 is expected to reach at least \$18 billion.

The San Antonio region (Alamo MPO) currently lists 26 added capacity projects totaling \$11.3 billion that cannot be funded during the next decade with current anticipated local, state, and federal funds. The State of Texas has a funding shortfall of at least \$22-\$27 billion for the largest 16 projects in the state and \$40 billion plus for freight related mobility and safety projects. With continued rapid population growth, our state and region will require more robust and sustainable resources to build essential projects. Many other states and regionals are similarly impacted. We urge Congress to provide more robust and sustainable funding by increasing the motor fuels tax and by providing additional support for private sector initiatives.

Similarly, transit and rail programs deserve a higher level of federal investment. Proposals to end or phase out capital grant programs for light rail and other transit initiatives make it highly unlikely that growing cities will be able to invest in the types of comprehensive transportation systems that can reduce congestion, provide commuters with additional options, and improve air quality.

Expanded Federal Authority Regarding Public-Private Partnerships – In an era where local, state, and federal funding levels clearly fall short of the levels needed to address growing congestion in rapidly growing metropolitan regions - as well as statewide connectivity and safety needs – it is essential that public-private funding and other non-traditional solutions continue to be encouraged, including toll and managed lane options. Without these approaches, certain mega projects, such as adding new managed lanes to IH 35 in both Austin and San Antonio - a concept under discussion by both MPOs with a price tag of at least \$10 billion – are not likely to move forward. In addition to encouraging these options, we would recommend the following approaches for incentivizing use of these funding approaches:

- Expand and streamline the Transportation Infrastructure Finance and Innovation Act (TIFIA) credit assistance program as directly by MAP-21
- Provide a source of federal funds for “toll equity” to address funding gaps in instances where tolls revenue does not provide sufficient income to cover the full cost of a project.

Streamlining/Simplification of Environmental Processes – While the last two reauthorization bills have made incremental progress in moving some environmental processes to the states, the process for completing environmental review of a project remains cumbersome at best, often resulting in multi-year delays in delivering congestion-relief projects. In TxDOT's “2017 Federal Issues – First 365 Days” white paper, the following recommendations (among many others) are set forth to continue to streamline the environmental process and/provide additional state autonomy:

- Clarify air conformity requirements; the requirements can cause lengthy delay to efforts to add new projects to metropolitan plans, regardless of negligible efforts the projects may have on

air quality conditions. Consider suspending actions by the Environmental Protection Agency (EPA) to enforce new 2015 tightening of National Ambient Air Quality Standards (NAAQS).

- Establish an accelerated project delivery pilot program of infrastructure projects for which the permitting processes will be streamlined.
- Work with Congress to establish a 90 day limit (rather than the current 150 day limit) in 23 USC 139(l) to file a petition for judicial review of a permit, license or approval for a highway or public transportation project.
- Work with Congress to establish a 90 day limit on a federal resource agency (e.g. US Army Corps of Engineers, U.S. Coast Guard, U.S. Fish and Wildlife Service) leaving vacant an employee position that is funded by an SDOT under 23 USC 139 (l).
- Expand NEPA assignment authority to include additional review items currently excluded from assignment agreements.
- Develop guidance to implement Sec 1316 of the FAST Act to expand assumption of federal responsibilities by states through assignment to state departments of transportation (SDOTs) or Federal Highway Administration divisions.
- Allow states to process their own design exemptions
- Expand assignment authority to cover additional resource agencies and their corresponding approval requirements.

Elimination of Donor State Status – The State of Texas currently receives a “rate of return” of only 94.99 percent for its contribution to the Highway Trust Fund. Texas is currently one of only a handful of “donor” states – states that contribute more to the Highway Trust Fund than they receive in return. In FY 2020, when the next reauthorization bill is due, the formula used will be 15 years old and will be based on population numbers and other data that are more than 20 years old. The formula should be updated to reflect current census data, lane miles, vehicle miles travels, and related trends/data that reflect the explosive growth experienced in various regions of the country.

**ACTION:** Pass an infrastructure bill that accomplishes the objectives detailed above.

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### Public Transportation and the Federal Role

**ISSUE:** Opportunities for continued support and a federal role in providing multimodal transportation options as part of a larger transportation network across the community.

**BACKGROUND:** As the Greater San Antonio Region moves toward the expansion of transportation mobility options — in line with the SA Tomorrow plan, VIA Vision 2040, and the Alamo Area MPO's Mobility 2040 plan — the need for additional funding capacity and opportunities, for both capital improvements and operations, are becoming clearer. Since 2016, VIA has been working on development of rapid transit corridor projects, which would feature dedicated lanes for transit to provide the frequency and reliability needed to handle the growth today and projected for tomorrow.

The VIA Vision 2040 plan, which includes a robust rapid transit network within the Greater San Antonio Region, will require a multi-billion-dollar capital investment, and ongoing operations and maintenance funding. The VIA Vision 2040 plan is mirrored in the SA Tomorrow plan calling for rapid transit in dedicated corridors to provide travel time reliability and frequent service for the community.

As a result, the traditional funding mechanisms, which are primarily dedicated to roadway capacity and maintenance, will be under tremendous strain. Discussions on limiting the role of federal participation in transit programs would stretch local funding sources even further, placing the region at a distinct disadvantage when compared with other major cities who have received prior federal funding support for rapid transit projects and enjoy the economic benefits of those projects today.

Local discussion is ongoing regarding potential funding options and strategies that will require, in some respects, state and federal action to advance the potential funding opportunities for investment within the multimodal transportation system. We encourage members of Congress to support the efforts of local agencies and the community to identify and utilize funding sources that would provide additional resources for the development and implementation of a multimodal system, in line with the community-supported and adopted long-range plans.

**ACTION:** Additional and diversified funding for multimodal transportation projects, including capital and operating support, provides for increased options for travel and access to mobility within the community, and provides the Greater San Antonio Region avenues to further economic competitiveness in attracting and retaining businesses, residents, and development.

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### Alternative Fuels Tax Credit

**ISSUE:** Support for the passage and reinstatement of the alternative fuels tax credit under consideration as part of Senate Bill 2256, The Tax Extender Act of 2017.

**BACKGROUND:** With San Antonio being the last large metropolitan area in the United States to still be considered in attainment with the National Ambient Air Quality Standards, the usage of alternative fuel vehicles by public and private sector is crucial to voluntarily reducing nitrogen oxide (NOx) emissions within the region. To help reduce urban emissions and greenhouse gases, a number of fleets within the San Antonio region have switched to compressed natural gas (CNG), propane and other alternative fuels. Part of the motivation for this switch is due to the fuel savings realized by the tax credit, which provides up to a \$0.50 per gallon tax credit for the usage of these alternative fuels.

This provision expired on December 31, 2016 and currently S 2256 would provide for a one year retroactive extension allowing for 2017 fuel purchases to receive the credit, and for 2018 to have a full year of coverage for this credit.

VIA Metropolitan Transit, for example, has invested heavily in CNG infrastructure, including purchasing and putting into service in 2017 over 270 CNG powered buses, and the construction of the largest CNG fueling station in North America. The CNG fleet, which in the first year represented over half of the existing fleet being replaced, provides a savings of 97% less NOx than the vehicles being replaced, was made in part by the economic benefit of the savings realized from the alternative fuels tax credit. At the full conversion of the fleet, it is estimated that the CNG credit alone will be over \$4,000,000 per year, if reauthorized by Congress.

Since the tax credit was established in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (PL 109-50 § 11113, 26 USC § 6426, § 6427), it has been renewed multiple times by Congress.

**ACTION:** Continued support for the usage of alternative fuels via tax credits provides additional economic benefits for agencies and organizations which have made the investment in diversifying fuel supplies, and supporting regional and national priorities by encouraging domestic production activities.

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