REAUTHORIZE TEA 21

The Transportation Efficiency Act for the 21st Century (TEA 21) was a major advance in national transportation policy for which the Pennsylvania Congressional Delegation can take pride. TEA 21 worked and made a difference. As a result of the long-term federal investments provided under TEA 21, transit ridership increased by 21% from 1995 to 2001 and its emphasis on intermodal solutions in meeting mobility needs made transportation systems work better. The investments and policies resulting from TEA 21 have been vital to ridership growth and the promotion of balanced transportation solutions.

In order to build on the success of TEA 21 reauthorization legislation is needed now more than ever. Investment in transportation creates new jobs. In fact, each $1 billion in federal investment generates 47,500 American jobs. Transit investment improves the economy. For every dollar invested in public transportation there is a six-dollar economic return. Funds are needed now to improve aging public transit infrastructure and to keep pace with the ever-increasing demand for public transportation services.

PPTA supports the immediate passage of TEA 21 reauthorization legislation with funding at levels no less than those guaranteed in S. 1072, $56.5 billion.

FISCAL YEAR 2005 BUDGET

Continuation of reliable transit funding is essential for Pennsylvania’s transportation providers to undertake critical capital improvements and to assure the continued success of Pennsylvania public transportation systems.

The Bush Administration submitted its Fiscal Year 2005 budget proposal that recommends $7.266 billion for the federal transit program in FY 2005, the same level as FY 2004. It proposes to freeze funding for the federal highway program in FY 2005 at the FY 2004 funding level of $33.6 billion. The Administration's budget request proposes a six-year funding level for TEA 21 reauthorization of $256 billion, an increase of $9 billion over the Administration's proposal last year, with all of the increase going to the highway program.

The Administration's budget proposal does not meet the need for increased investment in the nation's transit and highway infrastructure. PPTA recommends that transit funding be increased to $9.1 billion in Fiscal Year 2005. PPTA urges Congress to adopt a budget resolution that supports a six-year authorization bill that grows guaranteed transit funding at levels no less than those in S. 1072, the Senate passed authorization bill, $56.5 billion.
COORDINATING HUMAN SERVICE TRANSPORTATION

A June 2003 report by the U.S. Government Accounting Office identified 62 federal programs that fund transportation services. Recognizing the efficiencies, additional riders, and additional resources that are possible through improved coordination, PPTA supports legislative language to improve coordination of human service transportation. Recent legislative efforts in this area include:

Temporary Assistance for Needy Families (TANF): The House-passed welfare reform bill (H.R. 4), now awaiting conference, contains an important provision that would treat transportation subsidies as “nonassistance” for purposes of the act and therefore need not be discontinued when a person exhausts their eligibility for public assistance. Like childcare support, transportation aid is essential to those who not only want to get a job, but also those striving to retain their job. In the Senate, the Finance Committee has approved an amendment calling upon states that use TANF funds for transportation purposes to certify that they have consulted with transportation agencies in the provision of such services.

Workforce Investment Act (WIA): Both the House and the Senate have passed WIA bills and a conference is pending. The Senate bill contains provisions that would require state and local WIA planners to incorporate transportation into their plans. Just as state and local planners are now required to plan their workforce training activities in light of jobs that will actually exist in the community, the Senate bill would add transportation considerations to the planning requirements.

TEA 21: Both the House and Senate TEA 21 bills contain numerous provisions that will enhance transportation coordination, including allowing funding from human service programs to be used as match for FTA programs so long as programs are coordinated, broadening the eligibility guidelines for Job Access / Reverse Commute (JARC) funding, recognizing Mobility Management as an eligible program expense, and requiring local certification plans for the New Freedom, JARC, and Elderly and Disabled programs.

PPTA supports legislative language in pending legislation that will foster improved coordination between federal programs that fund transportation.

TRANSIT SECURITY

Pennsylvania's public transportation providers have made great progress in strengthening the security of their services and systems. Since the events of 9/11, state and local public transit agencies, like all state and local entities, have spent significant sums on system security. In order to carry out this important national goal and to ensure the safety and security of transit's 9 billion annual passenger trips and 400,000 employees, we need to sustain the funding partnerships that transit agencies now have with federal, state, and local government.

Increased federal investment in transit security from DHS is needed to keep the nation's public transportation infrastructure secure in this new era of terrorist threats and heightened national security.
LEASING TRANSACTIONS INVOLVING TRANSIT ASSETS

Background. The Department of Transportation and its Federal Transit Administration for two decades have urged public transit systems to use innovative financing mechanisms such as tax-advantaged leasing transactions to generate additional revenue for transit purposes. Transit systems responded and have earned approximately $848 million in critical revenues from these transactions since 1998. The FTA reviews each transaction involving federally funded equipment to make certain that the equipment remains under the control of the transit system and that each deal's transaction costs are not unreasonable.

Senate Bill Would Shut Down Transactions. On October 2, 2003, the Senate Finance Committee reported a bill (S. 1637) that includes revenue-raising provisions that would effectively eliminate the ability of transit agencies to enter into domestic lease transactions. Further, the proposed tax legislation would increase the cost of leased equipment, real property and purchased services for tax-exempt entities, and state and local governments.

Treasury Acts to Suspend Pending Transactions. On November 26, 2003, the Department of Treasury wrote to the Secretary of transportation asking the Department to no longer permit transit agencies to enter into tax-advantaged leasing transactions, while the Treasury Department reviewed its policy on them. Subsequently FTA, with no prior notice or opportunity to comment afforded, notified transit agencies it was suspending review of such transactions. Fifteen transactions are pending before FTA with estimated net benefits in the range of $164 million to $262 million. The FTA has suspended its review not only of domestic leasing transactions but also of cross-border ones that have no U.S. tax implications.

Leasing Transactions Provided Real Economic Benefits. Tax-advantaged lease transactions support and create jobs in the transit industry and have delivered real economic benefits at a time when state and local resources are extremely limited. The transactions have been an effective, legitimate public/private partnership-financing tool providing transit agencies and municipalities with an important source of revenue. A recent APTA survey shows that transit systems are planning transactions over the next three years that would bring them a net return of approximately $400 million.

PPTA strongly opposes the provisions of S. 1637 that would effectively end tax-advantaged leasing, and urges that the fifteen transactions pending at FTA be permitted to proceed.