

## **Congress Passes Multi-Year Surface Transportation Bill**

On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation Act (FAST Act), a five year \$305 billion bill to fund the nation's road and transit programs.

The FAST Act is the first multi-year transportation bill since 2005. Due to disagreement over how to fund the legislation, Congress has struggled to pass a multi-year bill resulting in a series of short-term funding fixes causing uncertainty for many infrastructure projects.

Traditionally, the gas tax paid for national road and transit programs. Revenue from the gas tax however, has lagged due to the increase of fuel-efficient cars creating a budget shortfall with respect to federal surface transportation programs. Moreover, Congress has refused to increase the gas tax to fill this budget shortfall.

In an effort to fund the FAST Act, Congress pulled together a series of "pay-fors" that includes: revenue from the current gas tax; changes to customs fees; changes to passport rules for applicants with delinquent taxes; outsourcing tax collection services to private companies; and tapping dividends from the Federal Reserve Bank.

The FAST Act funds federal highway programs at \$205 billion and federal transit programs at \$48 billion over the next five years. These funding allocations largely lock-in current funding levels for highway and transit programs.

Although states and municipalities will not see significant funding increases for existing surface transportation programs, the FAST Act does create some new noteworthy programs as outlined below:

- **National Freight Program:** New formula grant program that will provide formula funds to states to finance freight mobility projects on the national highway freight network.
- **Nationally Significant Freight and Highway Projects (NSFHP):** New discretionary grant program to assist with funding infrastructure projects that are difficult to complete solely using existing federal, state, local, and private funding. The focus of the projects will be to reduce the impact of congestion, generate national and regional economic benefits and facilitate the movement of freight.
- **Reinstatement of Bus Discretionary Grant Program:** Creation of discretionary grant program for states and municipalities to access funds to replace aging bus fleets.
- **National Surface Transportation and Innovation Finance Bureau:** Creation of the National Surface Transportation and Innovation Bureau within the Department of Transportation that will serve as a clearinghouse for local governments to receive funding, technical assistance and financing for transportation-related projects. The Bureau will also work to streamline the permitting process.

For more information about how the FAST Act could affect your organization, please do not hesitate to contact any of the listed Roetzel attorneys.

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