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Broward Metropolitan Planning Organization Federal Update December 2017

CONGRESS

Congress Anticipated to Move on Final Tax Bill: House and Senate Republicans have reached consensus on the tax reform legislation, *The Tax Cuts and Jobs Act*, H.R. 1. On December 15, the tax conferees filed [the conference report in the House](#). The Senate passed the bill early on December 20 in a 51-48 party line vote, after a procedural hurdle that delayed the vote by a day. The House had originally passed the bill in the evening of December 19, but several provisions in the plan violated Senate budget reconciliation rules. Senate Democrats stripped the problematic provisions, removing an excise tax on endowments of the smallest private universities; 529 savings accounts for home-schooling expenses; and the bill's shorthand title. After the House votes on the bill again (sometime on December 20), it will be sent to the White House for the President's signature.

The final agreement has retained more provisions from the Senate's version of the bill, though House Ways and Means Committee Chairman Kevin Brady (R-TX) said the final bill marked a mix between House and Senate plans. Democrats argue that the bill would be a break for corporations and wealthy individuals.

The transportation provisions in the conference report include:

- Retention of private activity bonds;
- Preserving the electric vehicle tax credit;
- Elimination of the bicycle commuter credit;
- Repealing the ability of employers to deduct the costs of parking and mass transit benefits provided to employees as a business expense;
- Repealing new advance refunding tax exempt municipal bonds; and
- Clarification that aircraft management services are not subject to the 7.5 percent commercial ticket tax.

FY 2018 Appropriations and Disaster Relief Update: On December 7, the House and Senate passed a two-week continuing resolution (CR), funding the government until Friday, December 22. The House passed the CR by a vote of 235 to 193, and the Senate passed it by a vote of 81 to 14.

Before Congress can pass a fiscal year 2018 appropriations bill for an entire year, they need to agree to change the dollar amounts of the caps on discretionary spending. If the caps are not

adjusted, any enacted full-year appropriations will be automatically reduced via another round of budget sequestration to get back down to the cap levels.

Republicans want to significantly increase defense spending (a \$70 billion increase), but to garner Democrats' support (needed in the Senate as 60 votes are required for passage), an increase in non-defense spending is necessary as well.

On December 13, House Republicans introduced a third [CR](#), to extend current government funding – which is set to expire on Friday, December 22. The CR includes \$663 billion for the Department of Defense for fiscal year 2018 and would fund the rest of the federal agencies (including the Department of Transportation) at current funding levels. until January 19, 2018; a five-year extension of the expired Children's Health Insurance Program (CHIP); and \$2.1 billion for the Veterans Choice program. Democrats have criticized the CHIP reauthorization provision, as it is offset by increasing Medicare premiums for higher-income beneficiaries, and shortens the grace period for individuals to pay their premiums through a tax credit.

The Senate is unlikely to pass the House bill given that it does not address increasing non-defense spending and the offsets for CHIP. The Senate is expected to amend the House CR through a substitute amendment and send it back to the House before they adjourn for the session. The Senate may also add an extension of the Foreign Intelligence Surveillance Act (FISA), which is set to expire this year.

On December 18,, the House Appropriations Committee [introduced a \\$81 billion disaster aid package](#) to fund hurricane and wildfire recovery, which may be combined with the third CR. The funding is split among Texas, Florida, Puerto Rico, the U.S. Virgin Islands, and states impacted by wildfires. The bill includes money for the Federal Emergency Management Agency (FEMA) and Community Development Block Grant (CDBG) programs, reconstruction projects from the Army Corps of Engineers, education programs, highway rebuilding, small business loans, and military construction projects. House Appropriations Committee Chairman Rodney Frelinghuysen (R-NJ) said the bill represents the largest ever disaster aid funding effort, and was a crucial part of the government's response to the several natural disasters that impacted the country over the year. The bill is also nearly double the Administration's \$44 billion aid request. The funding is broken down as follows:

- **Community Development Block Grants:** \$26.1 billion
- **FEMA:** \$27.6 billion
 - Includes Disaster Relief Fund (DRF) funding
 - A provision allowing transfer of up to \$4 billion to the Disaster Assistance Direct Loan Program Account for Community Disaster Loans
 - A provision providing up to 90% federal cost share for disasters declared in 2017 for wildfires
 - \$60 million for FEMA's readiness for future disasters
- **Army Corps of Engineers:** \$12.1 billion
- **Department of Agriculture:** \$3.8 billion
- **Hurricane Education Recovery:** \$2.9 billion

- **Reparations for Army, Navy, Marine Corps, Air Force, Reserve, National Guard, Coast Guard, and medical military facilities:** \$1.5 billion
- **Current damages to federal highways from designated disasters:** \$1.4 billion
 - Funds are provided directly to states and localities for repairs
 - Includes \$269 million to help communities restore hurricane-damaged mass transit systems
- **Economic Development Grants:** \$600 million
 - Projects may include technical assistance, planning, and infrastructure projects to aid economic recovery in hurricane and wildfire disaster areas.

Senate AV Bill Stalled: The Senate bill on autonomous vehicles (AV), [S. 1885 The AV START Act](#), lacks the necessary support to advance under unanimous consent. On December 1, Sens. Richard Blumenthal (D-CT) and Ed Markey (D-MA), said that they would hold up the bill to urge inclusion of measures on consumer protections and safety. During markup of the bill in October, Sen. Blumenthal had introduced an amendment—which was later withdrawn—that sought to establish a provision requiring autonomous vehicles (AVs) to allow human drivers to take control. Sen. Gary Peters (D-MI), a bill sponsor who opposed Blumenthal’s amendment, said requiring human control would “undercut the entire purpose” of driverless cars. However, Sens. Blumenthal and Markey have said they will continue discussions with bill sponsors, Sens. Peters and Senate Commerce Committee Chairman John Thune (R-SD). The Senate Commerce Committee and leadership are expected to work though the holds next year to pass the bill and conference it with the House legislation.

ADMINISTRATION

White House May Release Infrastructure Principles in January: The White House indicated on December 7th that President Trump intends to send Congress detailed infrastructure principles in January, potentially around the State of the Union address scheduled for January 30. The document would outline a \$1 trillion plan, in which a \$200 billion federal share would be split into four themes: funding for states and localities that take on a greater amount of financial burden for infrastructure building and upkeep; block grants for rural areas; existing federal loan programs; and money for projects deemed “transformational.” It is anticipated that the plan will incentivize state and local governments to take on a greater share of costs for infrastructure projects, both through their own funding and through private-sector financing.

FHWA Nominee Withdraws from Consideration: On December 11, Paul Trombino, previously nominated by the President to head the Federal Highway Administration (FHWA), removed himself from consideration due to family concerns. Senate Environment and Public Works (EPW) Committee had approved Trombino’s nomination, and he was predicted to easily move through full Senate confirmation. A new nominee has not been named.