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WASHINGTON UPDATE

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CONGRESS PASSES SHORT-TERM HIGHWAY AUTHORIZATION BILL

With the last few grains of sand slipping through the hourglass, the House and Senate passed a three-month transportation authorization bill through October 29. The Surface Transportation and Veterans Health Care Choice Improvement Act (H.R. 3236) passed by the House by a vote of 385 to 34 this past Wednesday. The Senate followed suite on Thursday, passing the bill by a vote of 91 to 4, sending the measure to the White House for President Obama's signature. The bill contains an \$8 billion patch, enough funds to keep transportation projects humming across the country through the summer construction season and, in fact, through the end of the year. This funding sleight of hand allows Congress, if it finds itself unable to agree on a long-term transportation bill, to vote for another short-term authorization measure without having to scrape together additional funds to keep the Highway Trust Fund solvent, at least until the end of the year.

In a last minute move, the bill also includes a \$3.3 billion transfer from the VA Choice Fund to be used for non-VA health care. The VA only recently raised the alarm to Congress that it was facing a \$2.5 billion shortfall this August that would force it to furlough employees resulting in closing hospitals facilities and delaying veterans' medical care. The emergency VA patch was therefore tied to the transportation bill as must-pass legislation.

SENATE CLEARS SIX-YEAR TRANSPORTATION AUTHORIZATION BILL

By a vote of 65 to 34, the Senate passed H.R.22, a six-year transportation authorization bill. The measure does not raise taxes to pay for the various transportation programs. Instead, it siphons \$45 billion from the US General Fund to replenish the Highway Trust Fund. The bill, moreover, contains some contentious offsets and "pay-fors" creating some heartburn in the House chamber. For instance, the Senate bill proposes to raise \$9 billion through the sale of oil from the Strategic Petroleum Reserve. Another controversial move is cutting Federal Reserve dividends to member banks to pay transportation programs. Federal Reserve Chair Jane Yellen has voiced her opposition to this proposed cut.

In a set-back for municipal transportation interests, H.R. 22 reduces Surface Transportation Project funds to metro areas by 7 percent from current levels. In a highly contentious move, the Senate bill reauthorizes the Export-Import Bank, whose charter expired last month. House tea party members have vowed to carry out a full-out, knock-down fight to ensure that the Bank's charter does not live to see another day. In light of the Senate action, the House is expected to try to pass a six-year bill before the end of October. Should this happen, a conference committee would have to be convened to resolve legislative differences between the House and Senate bills. Whether

that all can be accomplished by the end of October when the stopgap authorization bill is set to expire is an open question.

CONGRESSIONAL AUGUST RECESS

The House adjourned for its August recess on Wednesday, July 29 and is not scheduled back in session until after Labor Day on September 8. The Senate is expected to begin its August recess next week and, like the House, come back into session after Labor Day.