

The American Recovery and Reinvestment Act, H.R. 1 Summary of Transportation Provisions

Transportation infrastructure investment has long been a cornerstone of those advocating for federal action to help boost the U.S. economy. President Obama signed the “American Recovery and Reinvestment Act” into law February 17 at an event in Denver. The final package provides \$48 billion in new transportation investments. Here’s a breakdown of each mode:

Highways

- \$27.5 billion total provided.
 - \$840 million for administrative and operational set-asides.
 - Remaining \$26.66 billion apportioned within 21 days to the states via a hybrid formula—half Surface Transportation Program formula and half SAFETEA-LU 2008 highway program formula.
 - \$799.8 million immediate set-aside (three percent) for Transportation Enhancement Program.
 - 17.86 billion (67 percent) under state control and \$8 billion (30 percent) under local government control.
- States must obligate half of their funds within 120 days or uncommitted funds are redistributed to other states. Local funds are exempt from the 120 day obligation deadline.
- One year after enactment of the bill, any unobligated funds (state and local) are required to be redistributed to other states.
- All funds are up to 100 percent federal share—state may elect to use its own funds for part of the project.
- All existing requirements for federal-aid highway projects apply (Davis-Bacon, DBE, environmental reviews, etc.).
- It is important to note “highway funds” to be used for wide array of activities, including: highway and bridge improvements, transit capital projects, freight and intercity passenger rail, port infrastructure, and environmental mitigation. As such, the final use of these “highway funds” will be determined at the state and local level.

Public Transportation

- \$8.4 billion total provided.
 - \$6.9 billion for formula capital grants (bus and equipment purchases).
 - \$750 million for fixed guideway modernization.
 - \$750 million for light rail and commuter rail projects.
- For the capital grant and fixed guideway funds, half the funds must be obligated in 180 days or be redistributed to other communities and the remainder must be obligated in one year from the bill’s enactment or face redistribution.
- The light and commuter rail funds do not have a “use it or lose it” requirement, but projects that are under construction or for which funds can be obligated are directed to be given priority.
- Public transportation funds are up to 100 percent federal share.

Discretionary Surface Transportation Program

- \$1.5 billion for a new program to fund large transportation projects of all modes with costs between \$20 and \$300 million.
- Secretary of Transportation may allocate \$200 million of these funds for the Transportation Infrastructure Finance and Innovation Act credit assistance program.
- The Secretary must develop regulations for the program within 90 days of the law's enactment, project applications are due in 180 days after the regulations are produced, and project awards must be made within one year of the law's enactment.

Aviation System

- \$1.3 billion total provided.
 - \$1.1 billion for Airport Improvement Program (AIP) activities.
 - \$200 million for Facilities and Equipment Program purposes.
- Funds for both initiatives are distributed as grants by the Secretary.
- AIP grants must supplement not supplant already planned activities.
- Half of AIP grants must be awarded in 120 days and the remaining amounts must be awarded within one year.
- Aviation funds are 100 percent federal share.

Passenger Rail

- \$8 billion for high speed rail, funds are available through FY 2012.
- Secretary of Transportation is directed to develop a strategic plan to use the funds within 120 days of enactment of the bill.
- \$850 million for Amtrak capital grants.
- \$450 million for Amtrak security grants.
- Amtrak funds must be obligated by the end of FY 2010.

Maintenance of Effort

- 30 days after enactment of the law individual governors must certify states will maintain their effort on transportation investment.
- States must submit a statement identifying state funding plans on the date of enactment of the bill in the area of transportation through FY 2010.
- States failing to maintain their transportation efforts will be prohibited from participating in the FY 2011 redistribution of federal highway funds.

Reporting Requirements

State and local governments must submit 90-day, 180-day, 1-year, 2-year, and 3-year reports demonstrating, among other things, how funds are utilized, number of contracts awarded and completed, and the jobs created or sustained from these projects.

Tax Provisions

- Delays the implementation of a three percent withholding requirement on payments to government contracts for one year to 2012.
- Extends through calendar year 2009 the depreciation bonus and small business expensing provisions.