

FLORIDIANS FOR BETTER



TRANSPORTATION

Federal Update – October 2004

House & Senate Pass 8 Month TEA-21 Extension

The House and Senate passed a clean eight-month extension of TEA-21 on September 30th that ensures the federal highway and transit programs continue to operate while Congress continues to work on a long-term bill.

This action was critical because another extension was necessary to ensure that highway and transit programs can continue to operate until May 31, 2005 – and at slightly increased levels! The extension includes language that distributes \$2 billion of remaining highway funding from FY 2004 and gives the states an additional year to spend it.

Extension Specifics

Here are some of the important provisions that were included in the extension:

- Distribution of the remaining \$2 billion of highway funding from FY 2004 with no earmarked projects. These funds will be distributed to states via the normal Minimum Guarantee calculation and states will have an additional year to spend the money.
- Extension of the budgetary firewalls which protects the Highway Trust Fund being used for other purposes;
- A clean eight-month extension (October 1, 2004 – May 31, 2005) with no project earmarks;
- A remedy for the Byrd Test that was triggered in FY 2004 because the Highway Trust Fund was spending more than it was projected to receive in future revenues;
- A fix to ensure that the current 2.5 cents of tax on ethanol-based fuel is deposited into the Highway Trust Fund and not the General Fund. This provision will ensure that roughly \$1 billion will be credited to the Highway Trust Fund and distributed once a long-term bill is signed into law. While the 2.5 cent fix will only apply for FY 2004, it marks a significant victory for ensuring that all transportation-related fuel taxes are deposited and invested in transportation infrastructure.

Florida's Bottom Line

FBT is pleased that Congress was able to include these important provisions in legislation that ensures the highway and transit programs continue to operate in the absence of a long-term bill. However, Congress must ultimately enact a well-funded, long-term federal reauthorization bill that ensures each state receives back no less than 95% of their federal gas tax dollars.

FBT – Your “Voice” for Transportation!

Douglas J. Callaway, President – FBT
136 S. Bronough Street, Tallahassee, Florida 32301 - (850) 521-1256
www.bettertransportation.org