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TRANSPORTATION

Federal Update – January 2009

House Stimulus Package Details Released: \$43 Billion for Transportation Infrastructure

On January 15th, House Appropriations Committee Chairman Dave Obey (D-Wis.) unveiled the spending piece of the House version of the “American Recovery and Reinvestment Act.”

The measure’s reported cumulative size is \$825 billion, with \$550 billion in spending initiatives and \$275 billion in tax cuts. Details regarding timelines and other requirements for utilizing the funds, however, were not released.

The measure’s proposed transportation infrastructure programmatic investment levels are:

- \$30 billion for highway and bridge projects;
- \$9 billion for public transportation improvements (\$1 billion for capital projects, \$2 billion to modernize existing transit systems, and \$6 billion for bus and equipment purchases);
- \$3 billion for airport runway projects;
- \$1.1 billion for Amtrak and passenger rail; and
- \$150 million to repair or remove bridges that impede marine navigation.

Other aspects of the measure’s spending initiatives relevant to the transportation construction industry include: \$300 million to promote diesel emissions reduction projects; \$3.1 billion for infrastructure improvements on public lands (including road and trail restorations); and \$4.5 billion for the U.S. Army Corps of Engineers for environmental restoration, flood protection, and navigation infrastructure.

House Ways & Means Committee Chairman Charles Rangel (D-N.Y.) also today provided an overview of the recovery package’s tax provisions. The proposal would continue the 50 percent bonus depreciation for 2009, allowing businesses to deduct 50 percent of the cost of qualifying property, such as equipment, in addition to the regular depreciation allowance normally available. The measure would also increase to \$250,000 the amount small businesses can expense under Internal Revenue Code Section 179. Both provisions were part of the Economic Stimulus Act passed by Congress in February 2008, but expired at the end of last year.

The Ways & Means Committee also proposes to defer the impending three percent withholding requirement for federal, state and most local government contracts that is to take effect in 2011. The measure would delay its implementation until 2012.

At an organizational hearing of the House Transportation & Infrastructure Committee today, Highways & Transit Subcommittee Chairman Peter DeFazio (D-Ore.) commented that infrastructure investment constitutes 7.5 percent of the proposed recovery package. Some members of the committee expressed concern the infrastructure piece was not more substantial.

The Appropriations and Ways & Means Committees are expected to consider the proposals next week. House Speaker Nancy Pelosi (D-Calif.) has said she wants the recovery package to be approved by Congress by mid-February.

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Douglas J. Callaway, President – FBT

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