

# BANKER & TRADESMAN

ON THE FAST TRACK

## Congress Moves Forward With Transportation Funding

Legislation Includes Significant Increase In Funding For MassDOT

By William Lyons | Dec 27, 2015

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Earlier this month, the U.S. Congress approved and President Barack Obama signed new long-term transportation funding legislation for our nation's highways and transit systems. The legislation pleased such diverse advocacy groups as trucking associations and bicycle and pedestrian advocates by increasing funding to improve transportation in all modes. This rare show of national unity in passing meaningful transportation authorization legislation is truly a cause for celebration.

This new legislation, called the Fixing America's Surface Transportation Act, or FAST Act, provides a much-

needed source of transportation funding for the states and increases the amount of federal aid as well. The FAST Act is the first long-term transportation funding bill in more than a decade. This is a very significant milestone in that for the past 10 years Congress has passed short-term funding bills that extended the funding status quo and did not provide a long-term predictable and sustainable source of federal funds to maintain and improve our transportation systems.

As a result of the FAST Act, the amount of federal funding was significantly increased, resulting in a large bump in funding for Massachusetts. The act authorizes \$305 billion of transportation funding over a five-year period for highways, mass transit, passenger and freight rail, and safety programs. The legislation is funded through the Highway Trust Fund and transfers from the general fund to make up the difference between Highway Trust Fund revenues and expenditures.

The impact on Massachusetts is significant. The act provides almost 15 percent more federal funding for highway programs, with an average over five years of more than \$640 million per year. Transit programs will see an increase of more than 13 percent in federal funding, with an average of more than \$370 million per year over the five years of the legislation. The increase in transit funding will result in an average of \$285 million per year of federal funding for the MBTA over the life of the legislation. The increase in federal funding for the MBTA is roughly 15 percent, which is much needed for the oft-beleaguered transit agency.

## **New Discretionary Grant Funding**

In addition to the increased formula funding for the states, the legislation creates new discretionary funding programs. These discretionary programs include competitive grants that are awarded by the U.S. Department of Transportation based on the strength of the proposal and the benefit to the state or region. The legislation provides competitive grants for bus transit in the amount of \$300 million per year, an increase of dedicated bus funding by 89 percent.

Congress also created a competitive grant program to reduce congestion and delays in the interstate commerce system, including highway and rail congestion. This grant program includes \$900 million per year in competitive grants to be awarded to states and regions to reduce congestion and improve the flow of interstate commerce. This could be a significant benefit for Massachusetts and the northeast region, which experiences some of the greatest congestion in the country. This provision will also facilitate the development and commercialization of autonomous vehicles.

Other key discretionary funding programs include grants for Positive Train Control (PTC) (\$199 million) and Commuter Rail programs (\$2.2 billion). Both of these programs could substantially benefit the MBTA. The PTC grants could go a long way toward helping the MBTA meet mandatory deadlines for the implementation of PTC, which is a key safety feature required on all of the nation's rail systems. The commuter rail programs could provide a critical source of funding to address infrastructure requirements on the MBTA's extensive commuter rail system.

## **Policy Updates**

There were also a few key policy changes in the FAST Act. One key provision would allow some states to substitute their own environmental review procedures for the federal government's environmental review procedures, known as the National Environmental Policy Act. States would only be allowed to do this

substitution if their own reviews are at least as rigorous as the federal review process. Massachusetts could be a good candidate for this provisions since its Massachusetts Environmental Policy Act reviews are already very rigorous.

Another provision in the act provides grants to the states (or groups of states) to test pilot programs for the implementation of Vehicle Miles Traveled (VMT) funding. This policy change represents a technological leap forward for the future funding of transportation systems. VMT funding methods allow for the abandonment of motor fuels taxes as the means of funding our transportation system. Motor fuels taxes would be replaced by adopting a fee per mile traveled for every vehicle on the road. This would represent a significant departure from our current funding policies and levy the cost of maintaining our highways on those who use them the most.

The FAST Act is a monumental step forward at a time when our transportation systems need it the most. The nation and Massachusetts stand to benefit in a substantial way from this new legislation. The goal now is to capitalize on the new funding and policy opportunities to make Massachusetts' transportation system the driver in our regional economy. That would be something to cheer about.

*William F. Lyons Jr. is president of Fort Hill Cos. of Boston.*