



The National Beat

October 19th, 2023

Federal Updates

On October 19th, Representative Jim Jordan decided not to pursue a third ballot in the Speaker of the House race and instead throw his support behind a plan that would allow Acting Speaker Patrick McHenry to temporarily lead the House. This decision comes as Jordan faced obstacles in his bid for the speakership following the removal of Kevin McCarthy earlier this month. This political upheaval in the House has delayed legislative processes, affecting several bills ([read here](#)).

The looming deadline for government funding adds pressure to the situation, with the need to pass all 12 appropriations bills or face an automatic 1% budget cut. This political uncertainty could disrupt critical legislative processes. Specifically, the future of the Transportation, Housing and Urban Development, and Related Agencies (THUD) appropriations bill remains uncertain. While committees can function and hold hearings in the absence of a Speaker, it's not guaranteed they will. This is especially true for the House Rules Committee, which is pivotal for complex bills that require reconciliation like the THUD bill. Although members have already submitted 137 amendments to the bill, the timing for Rules action on these amendments is unclear due to the current legislative stagnation.

The fate of the THUD bill has also been complicated by the updated federal government shutdown deadline of November 17th ([read here](#)). The shutdown was averted by a 48-day continuing resolution (CR). The CR affects funding levels for several transportation-related programs and departments, including USDOT, which sees adjustments in funding for programs such as RAISE and Capital Investment Grants, among others.

On October 18th, The House Transportation and Infrastructure Subcommittee on Highways and Transit held a hearing on the state of the Highway Trust Fund (HTF) ([read here](#)). The hearing discussed the challenges of funding and maintaining the U.S. surface transportation system. The hearing featured witnesses who discussed a range of revenue alternatives, including mileage-based user fees, all while addressing concerns about equity and privacy. During the hearing, committee members raised concerns surrounding the potential impact of road usage charges on low-income individuals, debates about how funds should be allocated between the highway and transit accounts, the intricacies of EV taxation from a technical standpoint, and the prospect of a comprehensive reevaluation of the HTF funding model, potentially involving the adoption of a new funding approach. The hearing underscored the urgency of developing a sustainable solution to address the HTF's future inadequacy in funding the growing demands of transportation infrastructure needs.

On October 16th, in a joint letter addressed to the Senate Appropriations Committee Subcommittee on Transportation, Housing, and Urban Development, numerous community organizations expressed support for the Thriving Communities Program within the Senate's FY 2024 THUD appropriations bill ([read here](#)). The letter emphasizes the program's critical role in aiding disadvantaged, rural, and Tribal



areas with community revitalization projects. Despite the evident need for this program, the Appropriations Committee's THUD bill currently lacks adequate funding for it. The Thriving Communities Program has already received an overwhelming number of applications, demonstrating the high demand for its services. The letter requests an amendment to the Senate THUD bill to allocate \$25 million, the same amount received in FY 2023, to support this initiative.

On October 11th, the U.S. Energy Information Administration (EIA) released a report on the International Energy Outlook for 2023 ([read here](#)). The report found that gasoline-powered vehicle sales are expected to reach their peak globally between 2027 and 2033. The study also predicts that EVs will eventually dominate new vehicle sales. By 2050, EVs are anticipated to make up 29% to 54% of new vehicle sales, with China and Western Europe accounting for most of these sales. The EIA estimates that cumulative EV sales by 2050 will range from 465 million to 832 million, with an additional 218 million to 241 million plug-in hybrids sold. The transition to EVs is expected to reduce gasoline demand, but the projections are contingent on oil prices. Jet fuel consumption is anticipated to rise through 2050, necessitating adjustments in refinery production. While the report notes increased energy consumption in the transportation sector, it acknowledges that these models are based on current policies and do not factor in potential future policy changes that could impact EV adoption, including those introduced after November 2022, such as the Inflation Reduction Act.

On October 3rd, The Treasury Department published the procedures for car dealers to offer customers immediate access to federal tax credits for EVs ([read here](#)). This initiative is aimed at reducing the purchase price of EVs by up to \$7,500 at the time of sale, rather than requiring buyers to wait until they file their annual federal taxes to claim the credit. The Biden administration hopes that this immediate refund will encourage more people, especially lower-income buyers, to purchase electric cars and help achieve the goal of reaching 50% of new car sales being EVs by 2030. The proposed rule explains how dealers can register with the IRS to offer credit at the point of sale, with buyers attesting that they meet income limits. This point-of-sale rebate makes the EV tax credit refundable, ensuring that buyers can access it regardless of their tax liability. The Treasury Department expects to refund dealers within 72 hours of a sale, using an IRS website called Energy Credits Online for confirmation and processing. This move has been welcomed by industry stakeholders, including the Zero Emission Transportation Association and the National Automobile Dealers Association, as it addresses concerns and streamlines the process for implementing clean vehicle tax credits.

USDOT

On October 13th, USDOT announced the expansion the Regional Infrastructure Accelerators (RIA) program to include 24 accelerators receiving \$24 million in funding from the IIJA ([read here](#)). This expansion will assist communities in building capacity and kickstarting transportation projects. The selected awardees for FY 2023 have been announced, including regions like Sacramento, Atlanta, Seattle, Baton Rouge, and more. These awards are the result of a spring solicitation, with 21 applications requesting \$66 million in funding. The RIA program measures regional models' effectiveness in expediting transportation project development.

On October 5th, USDOT shared information from the Advisory Committee on Transportation Equity (ACTE) inaugural meeting on September 22, 2023, with its inaugural meeting ([read here](#)). During the



meeting, the ACTE Charter was introduced, the crucial roles of its members were highlighted, the Department's current Equity Action Plan was outlined ([read here](#)), and opportunities were provided for ACTE members and the public to suggest areas for committee consideration regarding past, present, and future transportation realities. Appointed members of the committee, representing academia, the private sector, and the transportation industry, will offer independent advice and recommendations on civil rights and various aspects of transportation equity.

On October 3rd, FHWA released a notice for the apportionment of Federal-Aid Highway Program funds for FY 2024 ([read here](#)). The funds are available for obligation until September 30, 2027, and are subject to existing obligation controls. A total of \$54.608 billion is available for various programs, including the National Highway Performance Program, Surface Transportation Block Grant Program, and others. The allocation for each State is determined based on a series of statutory formulas and adjustments, and specific amounts are set aside for various sub-programs like Congestion Mitigation and Air Quality Improvement Program and Highway Safety Improvement Program. Certain states are subject to transfer or withholding penalties for non-compliance with specific requirements (e.g., open container laws). The tables in the notice break down allocations for each state across various programs. In a comparison between the FY 2023 and FY 2024 FHWA apportionments under the IIJA, the overall funding saw an increase from \$53.53 billion in FY 2023 to about \$54.61 billion in FY 2024.

Congressional Hearings, Meetings, & Markups

- On [Thursday, October 19th at 10:00 AM](#): The House Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings, and Emergency Management held a hearing on Regional Commissions: A Review of Federal Economic Development Program Effectiveness.
- On [Wednesday, October 18th at 10:00 AM](#): The House Transportation and Infrastructure Subcommittee on Highways and Transit held a hearing on the state of the Highway Trust Fund.
- On [Wednesday, October 18th at 10:00 AM](#): The Senate Commerce, Science, and Transportation Committee held a meeting to vote on the FAA, FTC, Coast Guard and Amtrak nominations.
- On [Wednesday, October 18th at 2:30 PM](#): The Senate Commerce, Science, and Transportation Subcommittee on Space and Science held a hearing on commercial human space travel.

National Transportation News

On October 11th, Stellantis has revealed plans to construct a second EV battery factory, in partnership with Samsung SDI, in Kokomo, Indiana ([read here](#)). This announcement comes amid the ongoing United Auto Workers (UAW) strike against Stellantis, Ford, and GM, with labor concerns related to conditions in battery plants. The new facility will require a \$3.2 billion investment and is projected to generate 1,400 jobs. It is scheduled to commence production in 2027. Joint ventures like these have been contentious points in negotiations with the UAW due to concerns about wage levels and safety standards. While it remains unclear whether federal incentives will be utilized for the new gigafactory, this move could position Stellantis and Samsung to receive credits under the Inflation Reduction Act and potentially make Stellantis vehicles eligible for the EV tax credit. The announcement was acknowledged by White House clean energy adviser John Podesta as part of a broader response to the IRA's passage, reflecting the significant investments in clean energy manufacturing projects across the country.



Washington state has been considering the implementation of a mileage-based road usage charge (RUC) as an alternative to declining gas tax revenue for over a decade ([read here](#)). Gas tax receipts have been decreasing due to increased vehicle fuel efficiency and the rise of electric vehicles. Despite extensive research, testing, and a pilot program involving 2,000 drivers, lawmakers and Governor Jay Inslee have not yet embraced the idea. The Washington State Transportation Commission has recommended a gradual transition from taxing motor fuels to per-mile assessments, with a voluntary RUC program proposed to start on July 1, 2025, and potentially become mandatory by 2035. Under this program, vehicles rated for 25 miles per gallon or higher would pay 2.5 cents per mile, with electric or hybrid vehicle owners exempt from annual electric vehicle fees if they participate. The goal is to ensure sustainable transportation funding as gas tax revenues decline. However, significant challenges include privacy concerns, administrative costs, and political reluctance to introduce new taxes or user fees. Other states are also exploring RUCs as a solution to the revenue shortfall caused by declining gas tax receipts.

The Accelerator for America Accelerator, in partnership with the Local Infrastructure Hub, published two Case Stories to showcase infrastructure initiatives eligible for IIJA funding, highlighting the impact on communities like Mesa, AZ, and Waterloo, IA, in bridging the digital divide ([read here](#)). These stories aim to inspire further investments in economic mobility, racial equity, and climate resilience.

NOFOs

Upcoming

FHWA plans to release a NOFO later in 2023 for a new initiative, the Active Transportation Infrastructure Investment Program (ATIIP) ([learn more here](#)). ATIIP will fund projects to establish or extend active transportation networks and will offer two types of grants: Planning and Design, and Construction. Approximately \$45 million is allocated for ATIIP in FY23.

The Build America Bureau has announced a \$38.8 million Innovative Finance and Asset Concession Assistance Program for fiscal years 2022-2023 ([learn more here](#)). A NOFO is expected later in 2023.

Learn about federal grants available to MPOs and key NOFO information in AMPO's NOFO Tracker ([access here](#)). The Tracker is available on ampo.org under the "Resources" drop down.