# Metropolitan Washington Council of Governments
## 2013 Legislative Priorities

**22 JURISDICTIONS 5+ MILLION PEOPLE 300 ELECTED OFFICIALS**

### WHAT IS COG?

COG is the regional council for the metropolitan washington area with approximately 300 local, state and federal elected officials representing 22 local governments. COG also hosts and supports the National Capital Region Transportation Planning Board, our region's metropolitan planning organization (MPO) and the Metropolitan Washington Air Quality Committee, the tri-state air quality planning organization.

Comprised of small and large, urban and suburban jurisdictions, COG understands well the complexities of regional collaboration. We also know its value. There is strength in numbers. Only by working together can we tackle the complex issues of the day with greater efficiency and effectiveness.

Region Forward is COG's vision. It is a commitment by COG and its 22 member governments to create a more accessible, sustainable, livable and prosperous region. Every level of government has a role to play in achieving this vision. COG's policy priorities and supplementing issue briefs highlight what those roles are and actions necessary to strengthen the economic competitiveness of the National Capital Region and secure a better future for our residents.

## COG'S 2013 LEGISLATIVE PRIORITIES

### >INCREASED TRANSPORTATION FUNDING

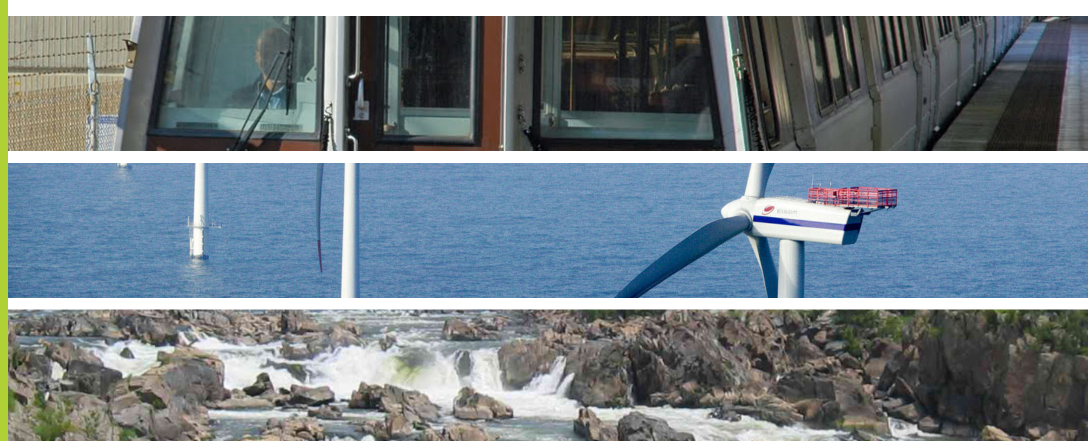
The current structure and levels of federal and state transportation funding are inadequate for addressing pressing needs for system maintenance, new infrastructure, and the increasingly urgent problem of congestion on both roadway and transit systems in the Washington region.

### >ENERGY EFFICIENCY & PRODUCTIVITY

Implementing large-scale, sustained investments in energy efficiency is needed to improve the region's energy security and promote its economic vitality.

### >WATER QUALITY PROTECTION

Protecting water quality in metropolitan Washington to achieve the goals of the federal Clean Water and Safe Drinking Water Acts requires that EPA, state regulatory agencies, the state legislatures and United States Congress support actions to: 1) identify local government and utility funding needs and financial impacts, 2) develop feasible implementation schedules; 3) utilize regulatory flexibility such as integrated planning/permitting solutions.

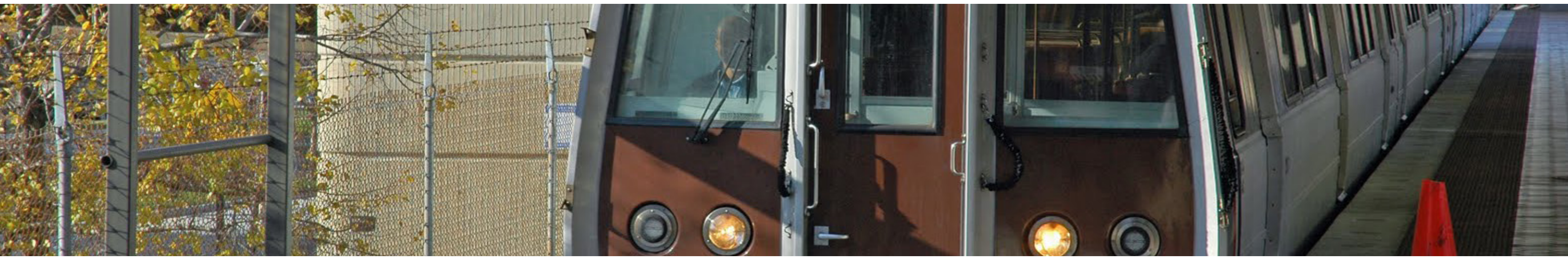


**ONE REGION MOVING FORWARD**

# Metropolitan Washington Council of Governments

## 2013 Legislative Priority: Increased Funding for Transportation

**22 JURISDICTIONS 5+ MILLION PEOPLE 300 ELECTED OFFICIALS**



## BACKGROUND

Recent analysis by the Transportation Planning Board (TPB) underscores one of the most pressing long-term challenges for transportation in metropolitan Washington: the urgent need for additional revenues, both to ensure the region's existing roadway and transit systems are adequately maintained, and to fund increases in capacity to support future population and employment growth.

Metropolitan Washington is projected to add more than 1.2 million new residents and 1.1 million new jobs by 2040. The region's already crowded Metrorail cars, buses, and roadways cannot meet the challenge presented by this growth.

Metro dedicated funding, which provides $1.5 billion over ten years from the federal government for Metro's rehabilitation and maintenance, is set to expire in 2020, and there is currently no legislation to extend the measure nor is there a commitment by the states to continue providing 50 percent matching funds.

## TRANSPORTATION INFRASTRUCTURE INVESTMENT

The current structure and levels of federal and state transportation funding are inadequate for addressing pressing needs for system maintenance, new infrastructure, and the increasingly urgent problem of congestion on both roadway and transit systems in the Washington region.

## LEGISLATIVE AGENDA

- A substantial increase in federal and state transportation funding is necessary to address the under-investment in the region's transportation system, and should be sought from:
  - o Increases in fuel taxes or other user-based fees;
  - o Pricing strategies enabled by emerging technology for all modes of travel, including rates that vary by time of day, type of vehicle, level of emissions, and specific infrastructure segments; and
  - o Inclusion of major transportation investments in legislation to create infrastructure banks or bonding programs.

- Federal transportation policy should provide for increased federal funding over the long-term, with a greater focus on metropolitan congestion and other metropolitan transportation challenges. MAP 21, enacted in July 2012 and a significant milestone in surface transportation legislation, is only a two year measure. While MAP-21 maintains current funding levels, it includes no new revenue sources dedicated to transportation, and provides very limited sub-allocation of funding to metropolitan areas.

- After first addressing growing statewide obligations, states should consider enacting legislation that enables localities to augment state and federal transportation funding with local revenue sources. Potential local option taxes include: gasoline, vehicle registration, sales, and income taxes.

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## OPTIONS FOR RAISING TRANSPORTATION REVENUES:

The TPB has identified a number of successful approaches from across the country for raising transportation revenues.

• Indexing the Fuel Tax to Inflation or Fuel Prices – Indexing the fuel tax can protect existing fuel tax revenues from the impacts of inflation. Currently, several states adjust fuel tax rates based either on the consumer price index (CPI) or on changes in fuel prices.

• Sales Tax on Motor Fuel – In addition to the traditional motor fuel excise taxes, some states also collect sales taxes on motor fuels, including California (6.0 percent), Georgia (4.0 percent), Hawaii (4.0 percent), Illinois (6.25 percent), Indiana (6.0 percent), Michigan (6.0 percent), and New York (4.0 percent). Revenues from sales taxes on motor fuel may not be completely dedicated for transportation: in California and Georgia, a portion goes to the general fund and in Indiana none of the receipts of sales taxes on motor fuels is dedicated for transportation.

• Sales Taxes and General Revenues – The largest sources of recent funding increases for transportation have been general revenues and sales taxes. From 2003 through 2009 between 65 and 83 percent of transit ballot measures for sales taxes and bonding were approved each year, illustrating the very substantial public support for well targeted revenue measures.

• New Toll Roads and High-Occupancy Toll (HOT) Lanes – HOT lanes are lanes for which single-occupancy vehicles (SOV) buy the right to use the excess capacity available in exclusive lanes that are other¬wise reserved for high-occupancy vehicles (HOV) that pay no tolls. Tolls have been recognized as important components of overall funding, but there are few if any new facilities which could be funded entirely from tolls.

• Local Option Taxes – Local option taxes have been adopted in one form or another in at least 46 states. The application and level can be for individual local governments or for regional groupings of such governments. These taxes are often dedicated to specific transportation projects or programs. Listed below are specific examples of local option taxes.

  o Local Option Gas Taxes (LOGT) – Florida. Local governments in Florida have the option of implementing up to 11 cents per gallon on local gas taxes for funding trans¬portation improvement projects, including transit.

  o Vehicle Taxes – Ohio. Local governments in Ohio can levy up to $20 in vehicle license registration fees, in increments of $5.

  o Sales Taxes – Missouri. Local governments in Missouri have the authority (subject to voters' approval) to implement local sales taxes, ranging from 0.125 percent to 1 percent, for capital improvements and transportation-specific improvements.

  o Income or Payroll Taxes – Oregon. The Tri-County Metropolitan Transportation District of Oregon (TriMet) in Portland, Oregon levies 0.6418 percent in payroll and self-employment taxes, which are dedicated to public transportation.

For more information about COG, this Transportation Funding Legislative Priority, or any other of COG's Legislative Priorities, please contact Nicole Hange, COG's Government Relations Coordinator at 202.962.3231 or nhange@mwcog.org

**ONE REGION MOVING FORWARD**

# Metropolitan Washington Council of Governments

## 2013 Legislative Priority: Energy Efficiency & Productivity

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### CREATING JOBS AND SUPPORTING LOCAL ECONOMIES

Nationally, more than one million new full-time jobs could be created if investments in today's energy efficiency potential are realized. Already, investments in energy efficiency are saving businesses, citizens, and government more than $500 billion a year in avoided energy costs.

Energy efficiency creates jobs by shifting consumer spending from the energy sector toward more employment-intense industries.

National estimates indicate that per million dollars invested, the energy industry creates 10 full-time jobs while the building energy retrofit industry creates 20.

Consumer savings spent in other sectors of the economy average 17 jobs per million. Additionally, efficiency retrofits primarily benefit local businesses, increasing demand for installation and maintenance jobs that cannot be exported.

### ENERGY EFFICIENCY AND PRODUCTIVITY

Implementing large-scale, sustained investments in energy efficiency is needed to improve the region's energy security and promote its economic vitality.

### REGULATORY AND LEGISLATIVE AGENDA

1. Enable energy efficiency financing programs for home and commercial building owners. To remove barriers to money-saving building retrofits, states should enable programs that improve access to capital, provide a repayment structure in line with energy savings, and allow transfer upon sale of the building. Options include:

   - o Infrastructure bank or similar energy financing program
   - o On-Bill Financing
   - o Sustainable Energy Utility
   - o Commercial Property Assessed Clean Energy (PACE)

2. Provide financial and technical support for Energy Savings Performance Contracts (ESPCs). ESPCs are a proven method for improving energy efficiency in the public sector, but local governments often lack the funding and expertise needed to execute them.

3. Explore federal-local partnerships, such as collaborative procurement, on energy efficiency and alternative energy projects. Expanding opportunities for COG and local governments to participate in federal energy projects with GSA, NCPC, HUD, DoD, and others can improve economies of scale and support economic development in metropolitan Washington.

# Metropolitan Washington Council of Governments

## 2013 Legislative Priority: Energy Efficiency & Productivity

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### EFFICIENCY FINANCE FOR HOMES AND BUSINESSES

New energy efficiency finance mechanisms are needed to better serve home and building owners' needs. COG calls upon state governments to enable finance programs or support public-private partnerships that lower the up-front costs of energy improvements and provide terms that work for homeowners and businesses. The feasibility of a regional infrastructure bank for energy improvements should be evaluated as a potential solution.

The economic benefits of energy efficiency are not being realized. Homeowners and businesses can save 30% to 50% on their energy bills using today's energy efficiency technology, yet only about one-fifth of potential cost-effective energy improvements are made each year.

High up-front costs and limited financing options keep homeowners and businesses from making cost-effective energy improvements. Home and building owners often find that payment plans do not correspond to projected monthly energy savings, and worry about recovering their investment if they move.

Energy financing programs should provide the option for payments equivalent to or lower than monthly energy savings and allow transferability upon sale of the home or building. Unbiased technical assistance is also needed to help building owners choose the cost-effective energy improvement option that works best for their home or business.

### SUPPORT FOR PUBLIC SECTOR ENERGY PROJECTS

Municipalities, universities, schools, and hospitals could save up to $8.1 billion per year nationwide if energy efficiency finance mechanisms were more available. Assistance from states and the federal government is needed to execute ESPCs and foster partnerships that expand access to energy technology.

Capital constraints and sensitivity to impacts on debt capacity often prevent governments from using conventional finance mechanisms. ESPCs are off-credit arrangements, and thus provide a good option for financing retrofits of public and institutional buildings. However, transaction costs can be high and expertise may be needed to help navigate the process. Financial and technical assistance will help capture energy saving potential and deliver better value to taxpayers.

Partnerships between local governments and federal agencies can help expand access to and lower costs of renewable and energy efficiency technology. Executive Order 13514 directs federal agencies to forge stronger links between their facilities and surrounding communities while improving sustainability. Agencies such as GSA, NCPC, HUD, and DoD should implement this aspect of the Order through cooperative purchasing, pilot projects, and technical assistance.

For more information about COG, this Energy Efficiency & Productivity Legislative Priority, or any other of COG's Legislative Priorities, please contact Nicole Hange, COG's Government Relations Coordinator at 202.962.3231 or nhange@mwcog.org

# Metropolitan Washington Council of Governments

## 2013 Legislative Priority: Water Quality Protection

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## BACKGROUND

Local governments and utilities in the region face sharply escalating costs and accelerated implementation schedules to comply with new state and federal regulations under the Clean Water and Safe Drinking Water Acts. Many of these new requirements derive from ambitious pollution reduction goals under the Chesapeake Bay Total Maximum Daily Load (TMDL), issued in 2010, and a growing number of TMDLs for local watersheds. Meeting these Clean Water Act requirements helps to address Safe Drinking Water Act requirements.

A major challenge is controlling the pollution that occurs during wet weather; which includes stormwater runoff, flows from combined sewer and stormwater systems in several parts of the region, and even leaks and overflows from sanitary sewers. In the case of stormwater runoff, the challenge is complicated by the need to address runoff from existing developed areas, many of which were built without the "best management practices" for improving water quality that have become commonplace – but only since the 1980s. Retrofitting stormwater pollutant controls into older developed areas is inherently complex, time consuming and highly expensive. (continued on back)

## WATER QUALITY PROTECTION

Protecting water quality in metropolitan Washington to achieve the goals of the federal Clean Water and Safe Drinking Water Acts requires that EPA, state regulatory agencies, the state legislatures and United States Congress support actions to: 1) identify local government and utility funding needs and financial impacts, 2) develop feasible implementation schedules; 3) utilize regulatory flexibility such as integrated planning/permitting solutions.

## REGULATORY AND LEGISLATIVE AGENDA

1. Federal government: Define clear affordability criteria to ensure that local governments and utilities can pay for permit requirements without unduly burdening ratepayers and taxpayers, and without compromising other critical local programs.

   - Affordability criteria should take into account the cumulative costs for complying with drinking water, wastewater and stormwater regulations, as well as trade-offs between environmental sector costs and other local responsibilities.

2. State government: Ensure that the extent and pace of implementation proposed under the new generation of local government stormwater permits (MS4s) is feasible and cost-effective.

   - Continue to apply the "Maximum Extent Practicable" (MEP) standard so that stormwater permits reflect what can reasonably be accomplished within their 5-year permit terms.

3. Federal and state government: Use the flexibility inherent in existing regulations and policies, as well as EPA's 'integrated planning/permitting' policy to allow local governments and utilities to prioritize spending on water quality projects.

   - Allow localities to experiment with new technology, such as green infrastructure, and use trading between different sources of pollution to meet permit requirements on a cost-effective basis.

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## 2013 Legislative Priority: Water Quality Protection

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## BACKGROUND (continued)

Because meeting permit requirements is a local responsibility, and because state and federal governments provide little cost-share assistance in the Washington region (as compared to the past), funding has become a major challenge for local governments and utilities. To meet these obligations, they are raising water-based rates and taxes at a rate well above inflation. They are also making new investments in infrastructure at the same time as they are struggling to pay for the maintenance of existing infrastructure. As a result, conflicts are developing between paying for water quality requirements and funding other necessary local government services.

Better use of existing regulatory flexibility and application of integrated permits/planning that allows localities to address their wastewater, stormwater and drinking water needs in an integrated and prioritized manner would help localities meet permit requirements with limited resources. This includes permit implementation schedules that recognize limitations due to affordability and other criteria. Beyond this, additional cost-share funding from state and federal governments would accelerate progress toward reducing pollutant loads.

For more information about COG, this Water Quality Legislative Priority, or any other of COG's Legislative Priorities, please contact Nicole Hange, COG's Government Relations Coordinator at 202.962.3231 or nhange@mwcog.org