

**METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
METRO DEDICATED FUNDING UPDATE**

Federal Legislation

BILL IDENTIFICATION:

- **Legislative Body:** House of Representatives **Bill Number: H.R. 3496**
 - **Committee/Subcommittee:** Committee on Government Reform
 - **Name:** National Capital Transportation Amendments Act of 2005
 - **Primary Sponsor(s):** Davis (R-VA)
 - **Status of Bill:** Reported out of Committee
 - **Next Major Action Expected or Proposed:** Consideration on House Floor; timing unknown
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BILL IDENTIFICATION:

- **Legislative Body:** House of Representatives **Bill Number: H.R. 4761**
 - **Committee/Subcommittee:** Committee on Resources
 - **Name:** The Deep Ocean Energy Resources Act of 2006
 - **Primary Sponsor(s):** Jindal (R-La)
 - **Status of Bill:** Passed House 6-29-06 by a vote of 232-187
 - **Next Major Action Expected or Proposed:** Referral to Senate; timing unknown
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PURPOSE OF BILLS:

H.R. 3496

Provides for additional \$1.5 Billion federal contribution for capital and preventive maintenance projects for WMATA in increments over 10 years. Conditioned upon amendments to the compact providing for (1) dedicated funding by three compact jurisdictions in approximate like amount; (2) expanding WMATA Board of Directors to include 2 federal directors (one non-voting) and (3) creation of an Inspector General for WMATA.

Amendments (voice vote at Committee) provide for four federal directors (two voting) and a reduction in the limitations impacting local land use. Reported out on April 26, 2006 and placed on Union Calendar.

H.R. 4761

Raises revenues from mineral leases whereby the firms holding those leases pay a fee or "royalty" to the federal government.

An amendment was made to this bill, offered by Congressman Davis (R-Va), which would provide that \$150 million annually from OCS receipts be available for the capital and preventative maintenance needs of Metro if H.R. 3496 is signed into law.

This amendment was included as an "offset" to cover the costs of the Davis Metro funding bill. Essentially, it fiscally neutralizes the bill and removes any concern that H.R. 3496 will break the budget resolution; there will be no net cost to the federal treasury if the bill is enacted and funds are appropriated.

The inclusion of this language may have a significant impact on the ultimate adoption of H.R. 3496.

GAO Analysis

Congressman Davis requested that the Government Accountability Office provide analysis on the financial and political options of providing dedicated funding for WMATA. The GAO released its report on May 15, 2006 to the Committee on Government Reform; it was only recently released to the general public.

The GAO found that:

- WMATA has unique demands placed on it in serving the National Capital Region and the federal government. This certainly validates the Region's and Committee's belief of the need and obligation for federal participation.
- Only two other transit systems operate without a dedicated source of revenue, one of which is Baltimore. This finding is counter to the position of MDOT Secretary Flanagan, that Maryland's trust is a transit dedicated source, and may enhance COG's ability to work jointly with BMC on transit funding.
- The future revenue shortfall is actually greater than what was projected by the Blue Ribbon Panel. This finding should counter those who say that the Blue Ribbon Panel was just parroting WMATA projections.

It also found that the following issues must be resolved:

- The proportion of the compact jurisdictions' contributions to WMATA that should come from dedicated funding. Of the largest transit jurisdiction compared, an average of 70% of state and local funding comes from dedicated sources.
- Whether dedicate funding results in a net increase in state and local funding. A concern was expressed whether historic or current levels of subsidy would continue, insuring dedicated funding to be additive.
- Whether dedicated funding should be used for operations, capital expenditures, or both. (Most transit agencies use dedicated revenue for both)
- The extent of increased financial and managerial oversight necessary. (Other major transit agencies usually have members from funding entities, internal/external auditors or inspectors general)