To: Chairman Milde and the VRE Operations Board

From: Doug Allen

Date: April 18, 2014

Re: Legislative Update

Virginia General Assembly Legislative Issues:

HB2 (Stolle)

HB2, introduced by Delegate Stolle, passed the House and Senate unanimously with the support of the Secretary of Transportation. It specifically directs the Commonwealth Transportation Board to develop a statewide prioritization process for projects funded by the CTB with construction monies, starting in the FY17-22 Six-Year Improvement Program. It covers roadway, transit, rail, technology operational improvements, and transportation demand management strategies if funded by highway construction monies. Projects funded through state assistance or federal pass through funds would not be subject to this process. Projects fully funded as of June 30, 2014 and that have completed environmental review may be exempt from this process. The prioritization process will be based on “objective and quantifiable analysis that considers, at a minimum, the following factors relative to the cost of the project or strategy: congestion mitigation, economic development, accessibility, safety, and environmental quality.” Signed by the Governor on April 6, 2014.

HB 957 (Filler-Corn)

Delegate Filler-Corn introduced HB957 to repeal HB2152, a bill passed last year that changed the voting structure of the Virginia Railway Express (VRE) Operations Board by requiring that the vote of the Commonwealth’s representative carry the same weight as that of the highest contributing jurisdiction (Prince William County) with an effective date of July 2014. This year, discussions with key legislators made it clear that there was no appetite for full repeal. Legislators encouraged VRE and the Commissions to work with DRPT and the Secretary of Transportation on a sound approach to implementing the
Amendments to the Virginia Freedom of Information Act (HB 193 and SB 161)

In early April, Governor McAuliffe signed the identical, subject bills amending the Virginia Freedom of Information Act (§2.2-3708.1). The amendment authorizes public bodies to amend their policies governing attendance by members by electronic communication such that attendance by electronic communication becomes more permissive. The enacted amendment is permissive, not prescriptive, meaning that each public body can decide for itself whether it wishes to make such an amendment. Were VRE to do so, it would be an amendment to the VRE Bylaws.

Management is bringing this matter to the Operations Board's attention so the Operations Board can discuss the advisability of making such an amendment, providing policy direction to management.

Senate Budget Amendment: Project Development Funding

A Senate budget amendment included $2M in project development funding to identify current and future VRE core capacity issues. VRE will use the funds to develop projects, including scoping and preliminary engineering, to compete for Federal Transit Administration (FTA) core capacity funding. The funding was in the Senate version of the Caboose budget bill (SB29), but when it was redrafted during the special session as HB5001, they removed all the controversial pieces of the budget including how to spend approximately $30M in TPOF funds was moved into HB5002. The Senate is poised to adopt its version of the budget on Monday and we foresee the $2M being included again in that document.

2014 Special Session- Where we Stand

Finally, the General Assembly has been called back into a Special Session by the Governor to pass a budget, which they failed to do by sine die, March 8th. Overshadowing the entire budget process and truthfully, the whole 2014 session has been the struggle between the House and the Senate/Governor on Medicaid expansion. Here’s where we currently stand: the Governor drafted a new budget - HB5003 and SB 5003 - with 104 new amendments to the base budget Governor McDonnell introduced, including Medicaid expansion. The House introduced HB5001 and HB5002 and reported both bills out of House Appropriations yesterday, overlaying many of the original House amendments and a few new ones that they say are points of compromise with the Senate on HB 5002. In the same meeting, they killed the Governor’s version, HB5003.

On March 24th, both the House and the Senate passed what is called the ‘caboose bill,’ HB 5001, which completes the LAST fiscal year cycle and the Governor has signed it. In a surprise move, the Senate adjourned on that Monday evening not to return until Monday,
April 7th. This was unexpected and has angered the House Republicans and fanned the fire of discord between the two bodies.

Despite the Senate leaving town, the House met on March 25th to take up HB5002 and any floor amendments. The Democrats offered an amendment in the nature of a substitute that was essentially HB5003, the Governor’s proposed budget with Medicaid expansion. That was rejected after much debate, 30-Y 69-N. They then passed HB 5002, advanced it to its third reading and communicated it to the Senate.

The Senate is expected to present their own budget on April 7th, likely using the McDonnell budget as their base and adding Governor McAuliffe’s amendments and their amendments—it’s not clear if they will adopt full Medicaid expansion or the more watered down version Marketplace Virginia.

**Federal Legislative Update**

**Virginia Congressional Delegation Office Meetings**

Mr. Allen and/or Mr. Jungwirth have visited the offices of Virginia Congressmen Cantor, Moran, Wittman and Wolf. Topics of discussion have included the importance and future plans for VRE, Federal Surface Transportation Reauthorization, TIGER grants, Commuter Benefits Equity, Core Capacity improvements and Positive Train Control. Additional meetings with Congressional members are pending.

**Commuter Benefit**

The Senate Finance committee voted to fully restore the commuter benefit for two years, retroactive to January 1, 2014 on April 3, 2014. This would restore parity between parking and commuter benefits at $250 per month through December 31, 2015 as the transit benefit is presently reduced to $130 per month.

**House Budget Chairman Releases, Marks up FY 2015 Budget**

On April 3, 2014, the House of Representatives Budget Committee met to markup House Budget Committee Chairman Paul Ryan’s (R-WI) FY 2015 budget proposal, which he released on April 1. For transportation, the Ryan Budget would not fix the Highway Trust Fund revenue problem, but would allow lawmakers room to do so, providing a “reserve fund” which would allow the Transportation and Infrastructure Committee and the House Ways and Means Committee to work to increase transportation investment. The budget would require any HTF solution to be budget-neutral and would require any intragovernmental General Fund transfers to be fully offset, adding to the short term fiscal challenge.

The Chairman’s budget does, however, propose to eliminate all Amtrak operating subsidies, which totaled $340 million in FY 2014 and $466 million, annually, prior to sequestration.

Budget Resolutions are non-binding resolutions that are not signed by the President and serve as agreements between the House and Senate for the overarching budget framework, setting limits for mandatory and discretionary spending. The recommendations included
in a Budget Resolution are illustrative and only become binding on the other congressional committees when Congress also adopts budget “reconciliation” legislation.

Senator Patty Murray (D-WA), the Chairman of the Senate Budget Committee, has cited the budget agreement reached last year which set the discretionary spending level for both FY 2014 and FY 2015 as precluding the need for work on a Budget Resolution for FY 2015.