

# Washington Update



## DOT NOTICE: STATES GET **NO** MONEY AFTER MAY 31 WITHOUT TRANSPORTATION EXTENSION

Last Monday, Transportation Secretary Anthony Foxx sent a letter to state transportation leaders to notify them that all federal participation in highway transportation infrastructure construction will stop after May 31 if the current federal transportation funding authorization is allowed to expire. Without authority to continue funding agency operations, states will not be reimbursed for construction costs or receive technical support and will have to shoulder the burden themselves. In the letter, Secretary Foxx writes:

“Unlike last summer’s shortfall when states faced the prospects of delayed payments under a lapse of authorization, reimbursements on all projects will be halted completely, not simply delayed (after May 31). For all intents and purposes, federal support for highway infrastructure programs will stop... The

Federal Highway Administration will be forced to furlough non-essential employees and will therefore be unable to process obligations or reimbursements requests, or provide technical support to projects.”

In response to this situation, Sens. Jim Inhofe (R-OK) and Barbara Boxer (D-CA), leaders of the Senate Environment and Public Works Committee, announced that the committee is planning for a mark-up in June of a bipartisan, six-year surface transportation reauthorization bill. In their joint press release, they noted:

“Without Congressional action by May 31, vital projects across the nation will come to a grinding halt. This is unacceptable... While Congress continues to debate the funding mechanisms, we believe it is in the best interest that this committee moves forward with consideration of a long-term surface transportation reauthorization bill. We look forward to finalizing negotiations with the big four, to include Sens. David Vitter and Tom Carper, and working with our members on a consensus bill in the tradition of this committee in the next few weeks.”

## SEC COMMISSIONERS ANNOUNCE RESIGNATIONS

Republican Commissioner Dan Gallagher and Democratic Commissioner Luis Aguilar have both announced that they will be resigning from the U.S. Securities and Exchange Commission. Gallagher has been with the SEC for the past four years, while Aguilar has been there for almost seven years. The White House will now put forth names to the Senate for confirmation to fill the two vacancies. No candidates’ names have been made public as of yet.



## REP. REED PROPOSES NEW MUNI BOND LEGISLATION

Rep. Tom Reed (R-NY) has introduced legislation that will increase the annual limit for municipal bank qualified bond borrowing from \$10 million to \$30 million, which is the index amount for inflation since the program was originally established in 1986. H.R. 2229, the Municipal Bond Market Support Act of 2015, will create a cost-effective way to increase the amount of money municipalities are able to borrow on an annual basis through bank qualified bonds and will expand the ability for local governments to use local banks to obtain bonds.

In a statement about the legislation, Rep. Reed stated:

“I care about saving taxpayers money. Simply, bank qualified bonds save tax dollars and keep property taxes in check. I also believe in the fairness of keeping local tax dollars in local communities. Using these bonds keeps the control, financing and benefits of capital improvements right in the local economy.”

The legislation ensures that these bonds are bank-qualified debt, which allows small governments and authorities to directly place their debt with local banks, particularly community banks. The banks are then able to deduct a percentage of the carrying costs for purchasing these bonds as with their other investments, ultimately, helping community banks do more business. The legislation also has the support of the Bond Dealers of America, which noted: “Bank-qualified bonds are a cost-effective method of financing for local governments and financing authorities, incentivizing community banks to invest in tax-exempt bonds to finance important local projects.”

The bill currently has five bipartisan cosponsors, but no companion legislation in the Senate.

## THE WEEK AHEAD: FRAUD IN NUTRITION PROGRAMS, SNAP, AND AMERICA'S LONG-TERM FISCAL PICTURE

The House and Senate conduct their last wave of hearings before the Memorial Day recess:

### Tuesday

The House Education and Workforce Subcommittee on Early Childhood, Elementary, and Secondary Education will hold a hearing on “Addressing Waste, Fraud, and Abuse in Federal Child Nutrition Programs.”

- <http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=398843>

### Wednesday

The House Agriculture Subcommittee on Nutrition will hold a hearing on “Past, Present, and Future of SNAP: The World of Nutrition, Government Duplication and Unmet Needs.”

- <http://agriculture.house.gov>

### Thursday

The Senate Homeland Security and Governmental Affairs Committee will conduct a hearing on “Understanding America’s Long-Term Fiscal Picture.”

- [www.hsgac.senate.gov/hearings/understanding-americas-long-term-fiscal-picture](http://www.hsgac.senate.gov/hearings/understanding-americas-long-term-fiscal-picture)

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