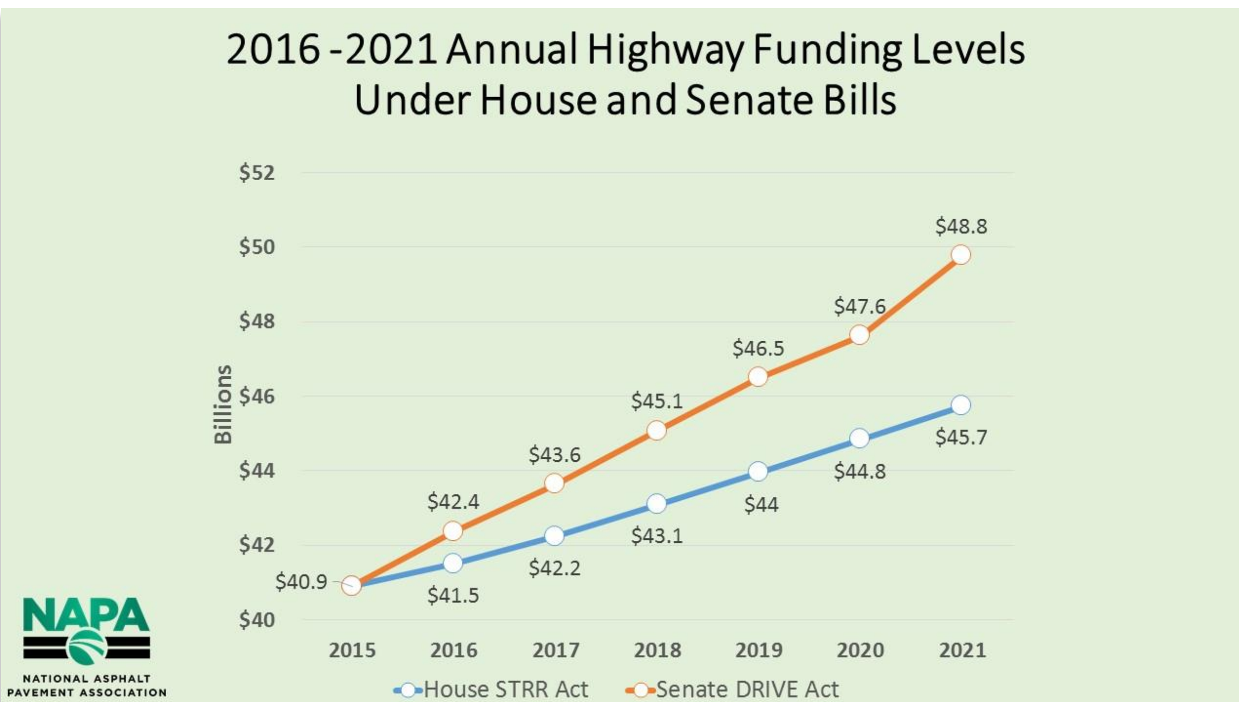
NAPA Summary of Highway Bills
The *Surface Transportation Reauthorization and Reform (STRR) Act*
The *Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act*

On November 5, the House of Representatives passed the *Surface Transportation Reauthorization and Reform (STRR) Act of 2015* by a vote of 363-64. Like its Senate counterpart, the *Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act*, which passed the Senate on July 30, 2015, this bill represents a comprehensive surface transportation policy proposal that authorizes federal highway, highway safety, and transit programs between federal fiscal year 2016 through 2021. This document is a summary of the major provisions in both bills that (1) impact the asphalt pavement industry, and (2) must be reconciled in a joint House-Senate conference.

Highway Funding

Overall, the STRR Act authorizes highway funding for six years at current service levels, otherwise known as baseline funding adjusted for inflation. The DRIVE Act funding levels assume small increases above baseline. The chart below compares the highway funding levels in both bills.



5100 FORBES BLVD.
LANHAM, MD 20706
Toll Free 888.468.6499
Phone 301.731.4748
Fax 301.731.4621
AsphaltPavement.org
NAPA@AsphaltPavement.org

Revenue
DRIVE Act transfers $45.6 billion from the general fund to the Highway Trust Fund. Those funds are off set with a variety of tax and revenue or "payfors." The supplemental revenue will support the Senate funding levels for three years. Additional revenue will be needed to support those levels through the final three years of the bill.

The STRR Act as approved by the Transportation and Infrastructure Committee did not provide any additional revenue beyond what is proposed in the DRIVE Act. However, the House approved the Neugebauer (R-TX) amendment by a vote of 354-72. The amendment struck the two DRIVE Act funding offsets, the $17.1 billion from cutting the dividend rate that the Federal Reserve pays to member banks and the $1.9 billion from Fannie Mae and Freddie Mac guarantee fees and replaced those off sets by dipping into a surplus account at the Federal Reserve and transferring those funds to the Highway Trust Fund. That account at present has about $29 billion in it, or $10 billion more than the offsets it replaces. Moreover, a preliminary budget score gives the amendment credit not just for the $29 billion that is in the surplus account right now but all the money that would otherwise flow into the account over the next ten years. *This could bring the total offset value of the amendment to as high as $59 billion.*

Highway Trust Fund
Both the DRIVE Act and STRR Act include a "reserve fund" clause that requires the Highway Account to maintain a balance of $4 billion throughout the entire fiscal year for 2019 to 2021 in order to authorize funds.

Surface Transportation Program (STP)
STP is one of the four core highway program categories. Both the DRIVE Act and STRR Act make changes in the program by directing more of the highway funding to the local level.

The DRIVE Act changes the state/local split from the current 50/50 to 45 percent (state) and 55 percent (local). In addition, the DRIVE Act expands the current off-system bridge set-aside to support on-system and off-system bridges that are not on the National Highway Systems. 50 percent of that set-aside must be spent on bridges entirely off the Federal-aid system.

The STRR Act changes STP into a block grant program called the Surface Transportation Block Grant Program (STBGP) and gradually changes (1% per year) the 50/50 split over five years to arrive at 55 percent local and 45 percent state. The Transportation Alternatives Program (largely used for pedestrian and bike paths) receives a set amount annually of $820 million. Currently this amount is a percent share of STP.

Freight and Major Projects
The Drive Act creates a new formula-based national freight program funded at an average of $1.9 billion per year. The funds would be distributed to states that have established a freight advisory committee and developed a freight investment plan within two years of the enactment of the bill.

The STRR Act establishes the Nationally Significant Freight and Highway Projects (NSFHP) discretionary grant program designed for major highway and freight projects funded at $725 million in 2016 increasing to $750 million by 2018. Only projects that cost the minimum of at least $100 million are eligible and the Federal share is limited to 50 percent of project cost. Grants would be awarded on competitive basis by the U.S. Department of Transportation.

Assistance to Major Projects (AMP)
The DRIVE Act creates new AMP program authorized at $2.4 billion over six years to help fund major projects in excess of available state funds from the core highway programs. No state may receive more than 20 percent of the annual AMP funding total. Under the program, the FHWA Administrator each year would compile a list of eligible projects for submission to Congress. Congress would make the final selection. The STRR Act has no similar provision.

TIFIA
The DRIVE Act reduces the TIFIA credit assistance program from $1 billion per year under MAP-21 to $300 million per year. The DRIVE Act expands eligibility to include projects that support transit-oriented development and environmental mitigation. The DRIVE Act also expands TIFIA eligibility for rural projects.

The STRR Act reduces available TIFIA funding to $200 million per year and lowers the size of local projects eligible for financing to $10 million.

Tolling
The DRIVE Act expands tolling by allowing states to toll new interstate lane construction as long as the number of toll free non-HOV lanes aren't reduced.

The STRR Act maintains the Interstate toll pilot program that allows up to three states to opt-in to toll existing interstate segments. The STRR Act requires states to have enabling legislation before the tolling pilot can be implemented and does not allow the diversion of toll funds for purposes other than improvements to the tolled road.

Asphalt Research, Innovation and Deployment
The DRIVE Act fully reauthorized the Accelerated Implementation and Deployment of Pavement Technologies (AID-PT) Program which was established under Moving Ahead for Progress in the 21st Century Act (MAP-21). The AID-PT Program provides $6 million annually for continuing to advance asphalt pavement technologies through partnerships with FHWA and the industry.

The STRR Act also fully reauthorizes the AID-PT program and requires the Secretary of Transportation to make available to the public on an internet web site a report on the cost and benefits from deployment of new technology and innovations that result from the program annually.

Other Pavement Issues
The DRIVE Act makes eligible for higher federal share projects that use alternative bidding contracting methods.

The STRR Act makes eligible for a higher federal share innovative pavement technologies that have the following three attributes: a 75 year lifecycle, are manufactured in a low greenhouse gas producing manner, and cure rapidly.

The STRR Act authorizes the Assistant Secretary of Transportation for Research and Technology to examine the impact of pavement durability and sustainability on vehicle fuel consumption, vehicle wear and tear, road conditions, and road repairs.