

KENTUCKY

# Transportation News

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## \$450 Billion Program “No Problem” in House

### **Fly-In Gets Good News and Bad on Authorization**

The KBT Washington Fly-In got both good news and bad last week from the Kentucky Congressional Delegation. Congressman John Yarmuth -- close to House Leadership -- said he doesn't think the House will have “any problem” passing a surface transportation authorization bill totaling \$450 billion. However, both Senators Jim Bunning and Mitch McConnell said the Senate is unlikely to act on the measure until next year.

The current surface transportation program, SAFETEA-LU, expires September 30. Postponing action on the new program -- when the fundamentals of the program and funding are complete unknowns -- means the public and private sectors can do no reasonable planning. The net result of not acting in a timely manner means there will be inefficient use of capital, a slowing of the transportation program, and irreparable damage to a struggling economy.

House Transportation & Infrastructure Chairman James Oberstar (D-MN) has said he hopes to report surface transportation legislation out of his committee next month. Oberstar has said he would like to see the bill funded at \$450 billion for the six-year period. SAFETEA-LU authorized \$286 billion for highway and transit programs.

Speaking to the breakfast session of the Fly-In, Yarmuth, a member of the House Budget and Ways & Means Committees, said, “This is a big year for transportation and Oberstar’s authorization plan of \$450 billion. Over here, we are much easier on the printing presses than the Senate. The Senate is a little more vigilant than we are. Over here, I don’t think we will have any problem passing this \$450 billion request. It is investment we know will be needed.



“Investment we know is needed,” said Congressman John Yarmuth.

“We have these PAYGO\* rules, and PAYGO rules are useful. The only problem . . . is they don’t calculate the long term benefit. If we had applied PAYGO rules to the GI bill after WW II, it would not have passed Congress. This was ultimately a seven to one return to taxpayers on the investment.

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\*PAYGO (pay-as-you-go) refers to financing where budgetary restrictions require paying for programs with funds that are made available as the program is in progress. New proposals must either be "budget neutral" or offset with savings derived from existing funds or new taxes.

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“With infrastructure you have to make the same kind of calculation. Within a five-year budgetary period, you are never going to get a significant -- or any -- payback on infrastructure, but long term there is a significant payback. We are hindered by our own rules to a certain extent. We are trying to ignore that as best we can in the House. But this is a big deal. There are other important things in the transportation bill.”

“We are very much engaged. This is a huge year for transportation. Transportation and infrastructure is very much on our radar. Transportation infrastructure is a very high priority for the Congress. We understand how critical it is to the future of the economy.”

### **Bunning: “We’ve Got to Increase the Money”**

“We are going to do a highway bill,” said Sen. Jim Bunning. “We’ve got to increase the amount of money going to the states. They are going to have to somehow get that 10 percent match. We really have some priority problems to figure out up here, and it is not easy. Since I’m on the Finance Committee, we’ve got to figure out a way to pay for everything we project in the budget. We’ve had 19 hearings on what we are going to do on healthcare alone. We’ve got to do something with our tax code that allows us to raise the money that we need and the American people and the people in Kentucky expect us to do.

“And we will do the best we can for transportation. Believe me, your Kentucky Delegation is one of the best at bringing money back. We know the condition of the Interstates and other highways in Kentucky. We know they are hurting. And we know your own road fund is hurting. Obviously, the recession has caused people to stop driving as much. Hopefully, we’ll get the recession bottomed out, and we’ll be able to pay for more of the things we need on both the federal level and the state.”

Bunning said he plans to ask for \$1 billion in the authorization bill to fund a new bridge in Northern Kentucky and rehabilitate the Brent Spence, carrying I-71 and I-75 traffic. He opposes tolls on the bridge, saying the Interstates are a responsibility of the Federal government.

“The Federal government,” said Bunning, “is responsible for upgrading or replacing or doing whatever is necessary to fund that bridge. Our misfortune was to put money in to get six estimates on what we should do to replace that bridge. We put \$47 million in and got six consultants to give us six different answers. Thank God, we have decided on one. Now it is our duty as representing people from Kentucky to see that that bridge is funded.



**Jodi Alford, Central Kentucky Community Action, welcomed Sen. Bunning at breakfast.**

“We are in the early stages of an authorization bill. I’m going to request a billion dollars for that bridge. According to the consultants, it is going to cost \$2.3 billion to build a new bridge and repair the old Brent Spence Bridge.

“If you’ve ridden on the Interstate highway system in Kentucky, you know we have some problems. It needs a lot of repairs, and we are responsible for 90 percent of those repairs.”

Referring to the \$8 billion supplement to the Highway Trust Fund last August and the impending FY 09 shortfall, Bunning said, “we are probably going to do that again, only it will take

more than \$8 billion. You know we are not going to let that shortfall exist -- not the way we run the presses up here. The printing presses go really fast at Treasury and Federal Reserve -- whichever. Eight billion dollars is like interest on a couple of days up here. So, we can really supplement that.

“The two committees I serve on -- Finance and Banking -- will help address both highways and transit, particularly transit which is in the Banking Committee. Finance is responsible for raising the money. Now, that is what I want to get to.

“All of the people who look at projects think the answer is to increase taxes. You can’t convince the 535 people up here that is the answer. Or, you maybe can’t convince the 138 who are in Kentucky that is the answer to the highway needs. Kentucky is not the only state that has that problem. So, we have a dilemma. We have a need that needs to be serviced, and we have unbelievable requests for additional revenue.

“Just to put it in perspective for you, Hal and Brett, John and myself get to deal with about 30 percent of the overall budget. That is the discretionary spending we are able to affect. Social security, Medicare, and Medicaid take up about 70 percent of the budget. We have a pull and tug going for the 30 percent discretionary. Defense is taking up a big portion of it. I think it will take up less as we get the two wars out of the way. The one in Iraq, I see ending in 2010. I think the one in Afghanistan is going to take a little more than we expected.”

### **“Wrestling” with Bridges**

Sen. McConnell told the Fly-In, “I’m familiar with your concerns that there is inadequate funding to deal with the infrastructure challenges we have in this country. I wish I could snap my fingers and tell you that problem is going to be solved in the next highway bill. I don’t know that it will be.

“Infrastructure is popular around here. Figuring out how to pay for it is less popular. I don’t know what we will end up doing in terms of gasoline taxes. I think the Senate is not likely to act on the highway bill this calendar year, but I think we’ll get around to it before the Congress is over. Exactly what it is going to look like, I don’t know.



**Sen. McConnell spoke with, from left, Greg Cohen, president of the American Highway Users Alliance, and John Hindman and Kay Stewart, The Bridges Coalition.**

“Of course, Kentucky has the additional, vexing challenge of four very large bridges. Both the General Assembly and those of us up here are wrestling with how you get all that done. I don’t think anyone yet has the perfect solution, but they all need to be done. It’s going to take a while. We must continue to work on it and figure out how we can do it.”

### **“Make Something Work”**

Congressman Hal Rogers, a member of House Appropriations, said he had talked with Oberstar, “and he is determined to get the bill out shortly. I think the Senate will be the big stumbling block on anything we try to do. I don’t know how they are going to get the money to try to make this thing work.

“On top of everything else, just this week, the President and the powers that be announced the new CAFÉ standards of 36 miles to the gallon. That is going to mean less and less revenues if we do nothing



**Congressman Hal Rogers talked with Jodie Haydon and Trigg Co. Judge/Executive Stan Humphries.**

about changing the rate of taxation. It's going to hit the fan pretty soon. Far be it from me to predict how it is going to turn out. We'll be there slugging and try to make it work.

“Your delegation here realizes the impact of not being able to finance the fund. We are going to do what we can to make something work. If you have any brilliant ideas, we are all ears. The President has said he would not stand for a tax increase during a recession and that would be echoed many times here on the hill. We are between a rock and hard place. So far, the hard place is winning.”

“We have serious problems,” said Yarmuth. We have neglected those problems for far too long. The chickens have come home to roost. We are at a tipping point. There is no question about it. We face two alternative choices. One is to do nothing. The other is to make the kind of investments now -- make a very, very large bet -- that by investing in things like infrastructure, in human capital, in correcting our healthcare problems -- we can long term dig our way out of this incredible rut. That is as clear as I can make it.

“How are we going to pay for what we are trying to do with healthcare reform? We don't know. We do know what it is going to cost if we don't act. If we don't act, we know the projections are \$75 trillion in additional debt from Medicare over the next 50 years. We know that is the cost of not acting.

“So, the question is, do we cut back, work on cost containment, or, do we try to reform the system fundamentally even though it will cost more now? That is what it will require to ‘bend the curve’ (Geithner talk). The Obama Administration and the Fed and Geithner have made the decision that we need to go into considerably more debt in order to make the kind of changes that will bend the curve. We'll see if that pays off.

“We have not been very honest with the American people for a long time about situations like this -- about the deficit in our infrastructure investment. We have not been very honest with the American people about the real costs of a lot we do -- the real cost to them.

“We need to be honest with American people about what the needs are, about what the costs of not acting are -- that is the real problem. All this environmental talk -- it's not a question of what it's going to cost to fix it, it is a question of what it is going to cost if we don't. One thing I find reassuring about Barack Obama, he is not in an ideological straight jacket. He is a very pragmatic, realistic person. He sees a problem, he gets all the best guidance he can, he makes the decision as to the best way to approach it is.”



**State Highway Engineer Mike Hancock talked with Jenny Mueller and Fred Karem Jr. of the McConnell staff.**

State Highway Engineer Mike Hancock thanked the Delegation for all they are doing for Kentucky. He said the stimulus package for transportation is a “godsend, and it is putting our people to work.” He said an objective of the current administration is to “re-energize the way the Transportation Cabinet interacts with congressional staff people.” He thanked KBT participants for attending.

### **“Heavy Lifting Will Be Required”**

Speaking at the Fly-In breakfast, KBT President Jack Fish thanked the Delegation for their work on behalf of Kentucky and transportation. “We are most appreciative,” said Fish, “of the Delegation’s understanding of the importance of transportation to a healthy economy, your support for measures to provide an adequate transportation system, and your willingness to work together on issues that are in the best interest of our state. We know you share our interest in all modes of transportation: air, highway, rail, transit and water.

“Good jobs and a strong economy are -- along with a good education system -- completely dependent upon a good transportation system. The nation cannot be competitive without good education and transportation programs. They determine our place in the world. These two government programs make it possible to generate tax revenues for all the other programs. Education is largely a responsibility of local and state governments. Transportation is a responsibility of all levels of government, with the Federal share at 44 percent in recent years.



**Congressman Brett Guthrie talked with, from left, Lori Harper, Christian Co. Judge/Exec. Steve Tribble, and Mike Agee.**

“There will not be a national highway system that is functional if it is left to state and local governments.

“If our national leadership decides a national highway system that will be primarily maintained and improved with a view toward keeping pace with needs and reducing congestion is a national priority, the most

effective and least painful way to pay for this system over the short term -- the next 10 years, or so -- would likely be an increase in the federal motor fuels excise tax. Or, looking at funding for all forms of transportation, a tax on oil could be part of the answer. Taxing “big oil” is likely an easier vote than a pump tax. Whatever the source of funding, it is obvious some heavy lifting will be required if our nation is to have a transportation system that allows our business and industry to be competitive in an increasingly competitive world.”

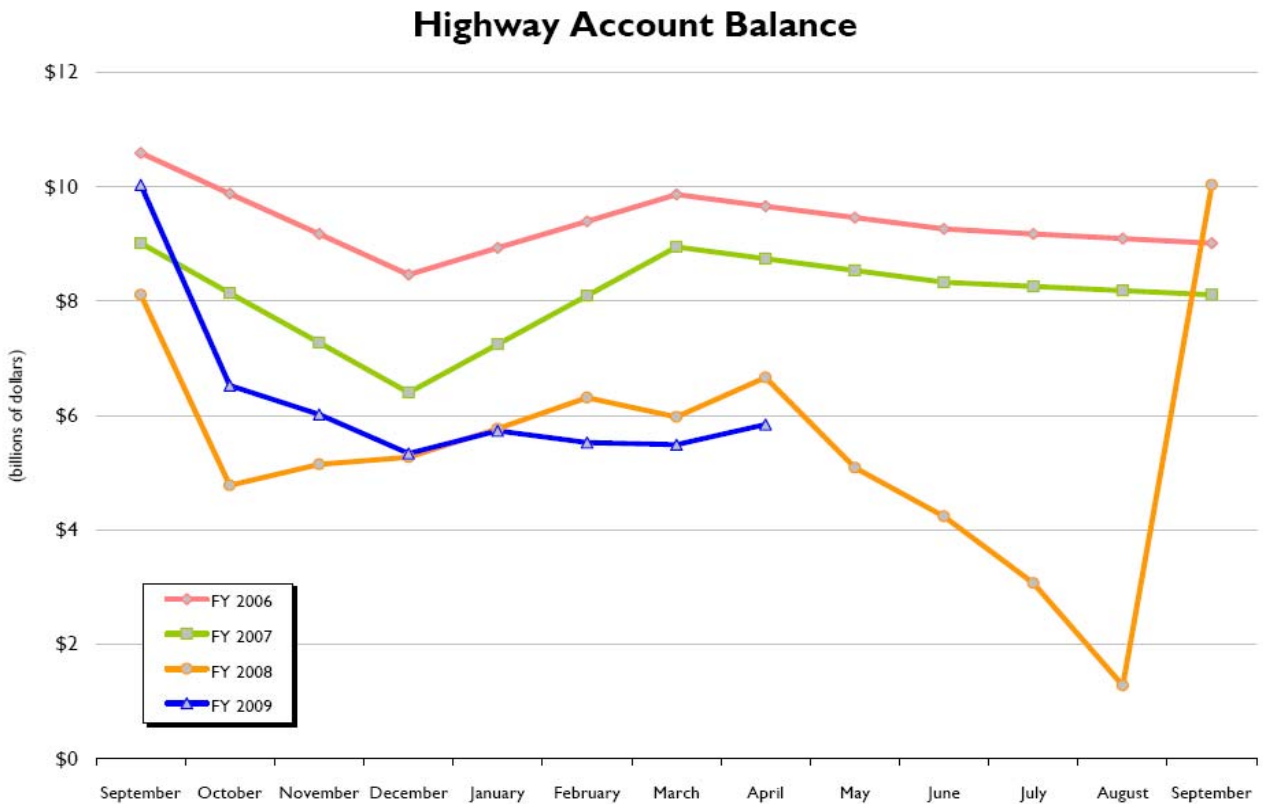
### **Authorization and Funding of the Surface Transportation Program**

*Following are excerpts from KBT’s statement to the Kentucky Congressional Delegation in advance of the Fly-In last week.*

There has never been a more critical time in the financial direction of the transportation program. Of immediate concern: authorization of an adequately funded transportation program.

The stimulus infrastructure spending -- while a welcome addition to a desperately under-funded national infrastructure program -- is primarily a short term solution to an employment problem. It would appear

obvious that longer term infrastructure spending will be needed to help the nation recover from the most serious recession since the 30s. Funds going to create jobs in U.S. infrastructure cannot be exported.



The declining cash balances in the Highway Trust Fund will mean the Federal Highway Administration will run out of cash to handle day-to-day operations several weeks before the Sept. 30 end of this fiscal year. An \$8 billion General Fund transfer last year prevented the fund from going broke. USDOT has said the HTF's Highway Account will need an infusion of at least \$4 billion to make it through September if daily reimbursements to state transportation departments are maintained. To maintain existing payment schedules through Fiscal Year 2010, the account will need an additional \$10 billion to \$11 billion.

### Status Highway Trust Fund FY 2009 (Based on 7 months)

Highway Account	\$27.10 Billion
Mass Transit Account	4.34 Billion
Total	\$31.44 Billion

The recession has had a severe impact on the Highway Trust Fund. Projected revenue for FY 2009 is 20 percent below the 2007 pre-recession level.

The Federal Highway Trust Fund pre-recession generated some \$40 billion annually for highways and transit. The fund was created in 1956 and relies primarily on motor fuels user fees. For the past six years, the HTF has been taking in less revenue than it was paying out to states. It was headed for insolvency in September when Congress provided an \$8 billion emergency reimbursement from the General Fund. Exacerbated by the recession, the fund appears headed in the same direction this year.

### **Commissions, U. S. Chamber Recommend More Adequate Funding**

Two national bipartisan commissions have said the nation faces a crisis because current revenue is insufficient to maintain and improve the nation's highways and public transportation and have recommended significant new funding. The U.S. Chamber of Commerce has released a report saying underinvestment in transportation is having a serious impact on the ability of the U.S. to compete in the global economy and urged that "every funding and financing option must be considered in order to address the enormous problems of the nation's transportation infrastructure."

The commissions and the U.S. Chamber think the federal government *should* continue to have a major role in the construction and maintenance of a national transportation system. The Interstate highway system is critical to world and national trade. A strong federal role is the only way there will be a seamless, uniform Interstate highway system.

The costs of maintaining the transportation network and expanding it to accommodate growth are soaring. Transportation spending at federal, state and local levels pre-recession totaled about \$90 billion annually. But, the nation needs to spend about \$225 billion annually for 50 years to create a highway and transit system that can sustain economic growth, according to the nonpartisan National Surface Transportation Policy and Revenue Study Commission, chartered by Congress.

The commission recommended gradually increasing the federal motor fuels user fee to 25 to 40 cents a gallon, which would take the Highway Trust Fund from the pre-recession \$40 billion annually to \$80 to \$100 billion to help the nation remain an economically competitive force in the world. The current federal fee is 18.4 cents on gasoline per gallon and 24.4 cents on diesel. These fees are not indexed to inflation and have not been increased for 15 years.

Motor fuels user fees are obviously not the only way to raise the needed revenue. Other ideas include expanding toll roads, public-private partnerships, an infrastructure bank, using congestion pricing -- motorists or transit passengers pay more during peak travel times -- and charging on the basis of miles driven. Kentucky's present 2.8 cents per mile weight distance fee on heavy trucks shows this works for some types of commercial vehicles. An Oregon study has shown it is more complicated for non-commercial traffic.

The National Surface Transportation Policy and Revenue Study Commission's recommendation to increase motor fuels user fees by up to 40 cents per gallon would begin with a 5 to 8 cents increase over the next five years, after which it should be indexed to inflation. Pre-recession, federal motor fuels user fees generated about \$1.7 billion per penny.

Based on Kentucky's current highway apportionment and pre-recession revenue, an increase of 5 cpg annually for five years going into the Highway Account of the HTF would provide Kentucky an additional \$2.2 billion, ramping from an additional \$144.5 million in FY 10 to an additional \$722.5 million in FY 14. An increase of 8 cpg would ramp from an additional \$231.2 million in FY 10 to \$1,156.0 million in FY 14.

### *Transportation for Tomorrow*

#### **National Surface Transportation Policy & Revenue Study Commission**

**Recommendation: The Federal fuel tax should be increased 25 to 40 cents with a 5 to 8 cents per gallon increase over the next five years, after which it should be indexed to inflation.**

<b>New Revenue</b>	<b>Kentucky Share*</b>	<b>New Revenue</b>	<b>Kentucky Share*</b>
5 Cents = \$ 8.5 Billion	\$ 144.5 Million	8 Cents = \$ 13.6 Billion	\$ 231.2 Million
10 Cents = \$ 17.0	\$ 289.0	16 Cents = \$ 27.2	\$ 462.4
15 Cents = \$ 25.5	\$ 433.5	24 Cents = \$ 40.8	\$ 693.6
20 Cents = \$ 34.0	\$ 578.0	32 Cents = \$ 54.4	\$ 924.8
25 Cents = \$ 42.5	\$ 722.5	40 Cents = \$ 68.0	\$ 1,156.0
<b>Total</b>	<b>\$ 127.5 Billion</b>	<b>\$ 204.0 Billion</b>	<b>\$ 3,468.0 Million</b>

\* Based on current apportionment factor of apportioned program and pre-recession fuel tax revenue. The total FY 09 highway program is \$40.7 billion with \$32.7 billion apportioned. Kentucky's share of the \$32.7 billion is \$568.1 million.

Federal motor fuels tax revenue for 2007 totaled \$34.1 billion (\$24.6 billion gasoline/\$9.5 diesel). Other user fees totaled \$5.3 billion for HTF total revenue of \$39.4 billion.

These kinds of increases could begin to fund Kentucky's \$12 billion in unfunded Interstate-type needs which are typical of the problem the nation faces.

The budget resolution adopted by Congress assumes a minimum funding level of \$324 billion over six years for highway, highway safety, and transit programs, and includes a reserve fund to allow for an increase above this funding level to the extent it can be supported by the Highway Trust Fund.

House T & I Chairman James Oberstar (D-MN) has said he hopes to report surface transportation legislation out of his committee next month. Oberstar has said he would like to see the bill funded at \$450 billion for the six-year period. SAFETEA-LU authorized \$286 billion for highway and transit programs.

AASHTO has proposed a six-year \$468 billion program for highways and transit -- \$375 billion for highways, ramping to \$75 billion by 2015, and \$93 billion for transit, ramping to \$18.5 billion by 2015. (The current five-year highway program totals \$199.5 billion -- \$39.9 billion annual average. The current five-year transit program totals \$52.6 billion.)

Rep. Peter DeFazio (D-OR), chair of the Subcommittee on Highways and Transit, is pushing a tax on oil as a means of funding transportation programs. While a tax at the pump has worked for highways for 80 years, this approach could be part of the answer to the serious transportation funding problem the nation now faces. Getting the tax dedicated to transportation could be problematic.

U.S. crude oil consumption pre-recession was 7.5 billion barrels, 70 percent of which (5.25 billion barrels, 220.5 billion gallons) went to fuel U.S. transportation. A \$12.50 per barrel tax on oil would generate \$93.5 billion annually to meet the 2015 highway and transit need for revenue as projected by AASHTO. (The current 18.4 cents per gallon gasoline tax is the equivalent of \$7.73 per barrel. The current 24.4 cents on diesel is the equivalent of \$10.25 per barrel.)

## Public Transit

Kentucky public transit apportionments for the six years of TEA-21 averaged \$23.1 million. SAFETEA-LU has sent an average of \$38.1 million annually back to Kentucky for FY 06-09, an increase of more than 65 percent. Kentucky contributes some \$88 million annually to the Mass Transit Account via the 2.86 cents per gallon fee on motor fuels. We are appreciative of the Delegation's efforts to get our state a better return of this funding.

Only three states have a higher percentage of people with disabilities than Kentucky. Statewide, 9 percent of the state's population is disabled, and most of them are dependent on transit for trips to the doctor, jobs and school. Many of them don't work because of the lack of transportation. Nationally, an estimated 70 percent of persons with disabilities are not employed and are on welfare. Employing people with disabilities has tremendous potential to impact our nation's economy.

## National Infrastructure Bank

The FY 10 budget proposal issued by the White House proposes a national infrastructure bank to invest funds directly into large capital infrastructure projects that are nationally or regionally significant. The bank would initially receive \$5 billion and then an additional \$5 billion for the next four fiscal years.

The bank would be set up as an independent entity that could help jump-start large-scale projects. The budget plan would set aside \$863 million for direct loan subsidies and \$1.15 billion for grants. Another \$1.7 billion would be designated for direct loan financing. An infrastructure bank has been previously debated in Congress but not enacted.

According to the budget appendix, "The National Infrastructure Bank will invest funds directly into large capital infrastructure projects that promise significant national or regional economic benefits. Federal funds are to be delivered through a variety of credit and grant mechanisms designed to not only provide Federal resources but also attract and coordinate State, local, and private co-investment. The Administration has reserved these funds to ensure adequate resources are available to capitalize the Bank and enable multi-year commitments."

Kentucky, of course, has projects of national significance that desperately need to be funded, but other states also have these. So, the question would be is this proposal of the magnitude to begin to solve the nation's mega-projects needs?

<b>Federal Highway Trust Fund Revenue</b>					
<b>Fiscal Year 2007</b>					
<b>(Thousands of Dollars)</b>					
	<b>Motor Fuel</b>			<b>Other</b>	<b>Total</b>
	<b>Gasoline</b>	<b>Diesel/ Special Fuels</b>	<b>Total</b>		
Highways	20,658,494	8,347,277	29,005,771	5,304,155	34,309,926
Mass Transit	3,887,993	1,165,726	5,053,719	--	5,053,719
<b>Total</b>	<b>24,546,487</b>	<b>9,513,003</b>	<b>34,059,490</b>	<b>5,304,155</b>	<b>39,363,645</b>

Productivity requires continuing adequate investment in facilities to move goods and people: airports; highways and streets; inland waterways and ports; railroads; and public transit systems. We must protect our existing systems by providing funds for maintenance. A deteriorating public works results in decreased national productivity. Economic gains depend upon the adequacy of our transportation system. Expenditures for improving the transportation network are one of the few governmental expenditures that clearly result in increased productivity.

## *Transportation for Tomorrow*

**National Surface Transportation Policy & Revenue Study Commission**

**Recommendation: The Federal fuel tax should be increased by 25 to 40 cents with a 5 to 8 cents per gallon increase over the next five years, after which it should be indexed to inflation.**

### **Six-Year Program**

Additional 25 cents	\$407.6 Billion
Additional 40 cents	\$509.5 Billion
Oberstar	\$450 Billion
AASHTO Recommendation	\$468 Billion

### **Oberstar Proposal Difficult to Do Without New Revenue**

“Chairman Oberstar’s proposal is going to be quite ambitious,” observed Mike Toohey, one of the experts giving the KBT Fly-In briefing. It will provide, he said, “a new vision for highways and transit and require a lot of money to support it. We don’t know how we are going to get there.

“I don’t see how you can do this without a gas tax; however, elected officials are reticent to support an increase. The national truck association has said it will support an additional 25 cents per gallon if they can get a dedicated freight program. We have a long way to go to convince members of Congress to vote for a gas tax. Earmarks may help get the tax.”

Toohey said vehicles that could be used to increase gas tax rather than doing it in the reauthorization bill included the reconciliation budget which would not be subject to a filibuster in the Senate and cap and trade legislation which could be used to raise revenue for transportation.

He said the proposal started out at \$500 billion and has now moved back to \$450 billion. He noted Oberstar plans to get the bill out and then talk about what the revenue number should be.

“Life has gotten a lot more difficult to impact the public process here,” Toohey told the group. “When a group like Kentuckians for Better Transportation comes here, it does a so much better job than any lobbyist can do communicating the message to elected officials. You are the only ones they really care about because you vote. I’m glad you are here because your voice is critical.”

Toohey, a consultant with The Livingston Group, served as Staff Director for the Republican Staff of the Committee on Public Works and Transportation 14 years and is former Assistant Secretary of Transportation.

Others participating in the briefing were Jack Basso, director of program finance and management for AASHTO; Robert Healy, vice president of government affairs for the American Public Transportation Association; and State Highway Engineer Mike Hancock.

### **House Passes FAA Authorization Raising Fuels Tax, Facility Charges**

The House, last week, approved and sent to the Senate H.R. 915, the Federal Aviation Administration Reauthorization Act of 2009. The \$70 billion bill provides \$53.5 billion for the FAA's capital programs from FY 10 through FY 12:

- \$12.3 billion for the Airport Improvement Program;
- \$10.1 billion for FAA Facilities & Equipment;
- \$30.3 billion for FAA Operations; and
- \$794 million for Research, Engineering, and Development.

The bill provides funds to accelerate the implementation of the Next Generation Air Transportation System (NextGen), enable FAA to make needed repairs and replacement of existing facilities and equipment and help implement high-priority safety-related systems. The current AIP investment level of \$3.52 billion would rise to \$4.0 billion in FY 10, \$4.1 billion in FY 11, and \$4.2 billion in FY 12.

The bill would raise the tax on general-aviation gasoline from 19.3 cents to 24.1 cents per gallon. The tax on general-aviation jet fuel would go up from 21.8 cents to 35.9 cents. The increase is to help fund increasing aviation demands, including the cost of NextGen. The measure would also raise the passenger facility charge from \$4.50 to \$7.00, which is estimated to generate an additional \$1.1 billion annually for airports.

The bill contains several labor provisions, including one that would presumably be beneficial to UPS. The provision would permit drivers for FedEx Express to organize into local collective bargaining units under provisions of the National Labor Relations Act and do away with the requirement that they hold national elections under the terms of the Railway Labor Act. UPS drivers are represented by the Teamsters. Opponents of the provision charge unionizing FedEx drivers will change work rules and drive up wages, making it harder for the Memphis-based logistics giant to compete.

Action in the Senate -- where there has been an inability to reach agreement on FAA funding issues -- is uncertain. The FAA is currently operating under a series of short-term authority extensions since October 2007. The latest extension expires at the end of September.