APWA Washington REPORT

December 2003

TRANSPORTATION

TEA-21 Reauthorization

HOUSE COMMITTEE UNVEILS \$375 BILLION SURFACE TRANSPORTATION BILL

Leaders of the House Transportation and Infrastructure (T&I) Committee have released a bipartisan, \$375-billion bill to reauthorize TEA-21, a plan the bill's sponsors say will enhance safety, create jobs and reduce congestion.

<u>Titled the Transportation Equity Act: A Legacy for Users (TEA-LU)</u>, the measure reauthorizes federal highway, public transportation, highway safety and motor carrier programs for six years, from 2004-2009, and <u>represents a 72 percent</u> increase over TEA-21's \$218 billion.

The bill (HR 3550) was introduced November 19, 2003 by House T&I Committee Chairman Don Young (R-AK), Ranking Member James Oberstar (D-MN), Highways and Transit Subcommittee Chairman Tom Petri (R-WI) and Ranking Member William Lipinski (D-IL). More than 70 lawmakers joined them.

TEA-LU provides \$69.2 billion for public transportation, a 92 percent increase over TEA-21 and boosts highway funding from \$39.8 billion in 2004 to \$59.2 billion in 2009. All states are guaranteed a 95 percent minimum return from the highway formula program by 2009.

In addition, TEA-LU continues TEA-21's firewalls to ensure Federal Highway Trust Fund revenues are invested in highways and public transportation. The bill does not contain environmental streamlining or transportation planning provisions, which are expected to be added later. TEA-LU also includes:

- A \$7.5 billion safety infrastructure construction program directed toward rail-highway crossings and elimination of road hazards;
- A \$1.5 billion formula program for construction and operational improvements on rural roads;
- A \$3 billion program targeted at improving road connections to and from freight facilities;
- A \$2 billion program to improve border infrastructure;
- A \$17.6 billion discretionary grant program to address large and expensive infrastructure projects that have regional or national benefits;
- A \$1.5 billion program for states to encourage communities to adopt strategies and fund projects designed to allow children to walk and bike to school safely;
- A \$1.35 billion discretionary capital transit program for new fixed guideway systems;
- An \$820 million formula program, New Freedom Initiative, to provide public transportation for people with disabilities.

The House T&I Committee is expected to markup TEA-LU early next year. The committee has jurisdiction over both highways and transit programs, but the House Ways and Means Committee has jurisdiction over the tax provisions that will determine the funding levels and how they will be financed.

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The Senate Environment and Public Works Committee passed the highway component of its reauthorization bill, the Safe, Accountable, Flexible Transportation Equity Act of 2003 (S. 1072), SAFETEA, on November 12, 2003. The Senate version is expected to total \$255 billion when it is brought to the Senate floor early in 2004. Yet to be released, its transit component is expected to total \$56 billion.

Reauthorization of TEA-21 is an APWA priority, and APWA issued a statement applauding TEA-LU's increased investment. APWA's top policy objectives for reauthorization include:

- increasing federal investment in highways, bridges and public transportation to enhance safety, security and mobility;
- maintaining the integrity of the Federal Highway Trust Fund by preserving guaranteed funding and retaining a funding firewall mechanism;
- streamlining the regulatory and project delivery process;
- enhancing flexibility to address local and regional transportation priorities and needs.

For more information about House and Senate reauthorization bills log onto the APWA Legislative Action Center on APWA's website, www.apwa.net/govtaffairs. APWA's Reauthorization policy statement is also available there. *Or*, contact Jim Fahey in APWA's Washington Office at 202-408-9541 or email jfahey@apwa.net.

TEA-21 expired on September 30, 2003, the same day that President Bush signed a five-month temporary extension of TEA-21 into law, which expires on February 29, 2004. <u>Differences among lawmakers and the Administration over funding and financing issues, including whether to raise the federal motor fuels tax, index it or to use bond financing to increase funding, have delayed action on bills. The Bush Administration opposes increasing or indexing motor fuel taxes. The Administration released its \$247-billion reauthorization proposal, the *Safe, Accountable, Flexible and Efficient Transportation Equity Act of 2003* (SAFETEA) in May 2003.</u>

DOT Appropriations

\$89.9 BILLION TRANSPORTATION/TREASURY SPENDING BILL FOLDED INTO OMNIBUS

Folding the transportation appropriations bill into a consolidated appropriations package and a planned passage December 8, 2003 didn't occur. So, Congress is expected to take it up later in January 2004.

Conferees had reached agreement on House and Senate versions of the bill (HR 2989) on November 12, 2003, but the conference report was not filed due to objections the Administration had over provisions limiting its ability to outsource certain government jobs and the Senate failed to give unanimous approval for a variety of reasons.

As provided in the Omnibus package, the final agreement includes \$89.9 billion to fund the US Department of Transportation, the Department of Treasury and the White House. It provides \$33.8 billion for the federal highway program, \$2.2 billion more than enacted in 2003, and sets aside \$7.3 billion for federal transit programs, an increase of \$130 million more than 2003 levels. In addition, federal aviation programs will receive \$13.9 billion, and \$1.2 billion will go to fund Amtrak. Outsourcing of government jobs is limited to Interior and Defense Departments. Earlier provisions in both the House and Senate appropriations bills overturning the travel restriction to Cuba, were dropped.

AIR-21 Reauthorization

PRESIDENT SIGNS \$59 BILLION AVIATION BILL

After many ups and downs in the House and Senate, legislation to reauthorize AIR 21 was sent to President Bush who signed it into law on December 12, 2003.

The new law provides \$59 billion over four years for FAA programs, including the Airport Improvement Program (AIP), which is reauthorized at \$3.4 billion in 2004 and increases by \$100 million annually through 2007. The law limits the amount of AIP funding available for capital projects intended to make security upgrades and authorizes a \$500 million fund for security projects.

Passage of the measure in the Senate occurred after receiving assurances from Federal Aviation Administrator Marion C. Blakey that the agency would not privatize air traffic controllers for one year. By a voice vote, the <u>Senate approved the conference report to HR 2115, Vision 100 – Century of Aviation Reauthorization Act, on November 21, 2003, just two hours after receiving the letter committing to the one year moratorium.</u> Although the letter does not have the force of law, lawmakers and officials in the Administration say it will be treated as such.

The House of Representatives narrowly approved the conference agreement on October 30, 2003, after language permitting privatization of air traffic control functions was dropped from the agreement. Several Senate lawmakers had prepared to filibuster the conference report unless there were assurances of an affirmative prohibition against privatization. Bills passed earlier this year by the House and Senate included prohibitions against traffic control privatization, which drew veto threats from the White House.

Build America Bonds

SENATORS RENEW PUSH FOR \$50 BILLION INFRASTRUCTURE BILL

With transportation reauthorization bills now released in the House and Senate, sponsors of a bill authorizing construction bonds spoke out in support of their plan to provide \$50 billion in new funding for infrastructure.

Senators Jim Talent (R-MO) and Ron Wyden (D-OR) earlier this year introduced the Build America Bonds Act (S. 1109), which would establish a federally chartered, non-profit corporation to issue tax-exempt bonds. At a news conference in November, Talent said the corporation would raise \$63 billion, with \$13 billion reserved for a sinking fund to be used to pay off principal.

The one-time federal bonding program would enable states and local governments to complete significant infrastructure projects across all modes of transportation projects, including roads, rail, transit, aviation, waterway and other projects. States would be required to provide a 20 percent match for the cost of a project. Investors in the bonds would receive a tax credit instead of interest. Senate leadership is said to be open to a bonding proposal, given the lack of interest in raising motor fuel taxes. The Bush Administration is opposed to the bill.

Environmental Review Process

USDOT ACCEPTING NEW TRANSPORTATION PROJECTS FOR EXPEDITED REVIEW

The U.S. Department of Transportation (USDOT) has accepted a new round of transportation project nominations which can be selected for accelerated environmental review, as part of a September 2002 Executive Order to enhance environmental stewardship and streamline the environmental review process.

President Bush's Executive Order called for a Cabinet-level task force to ensure that, without sacrificing environmental standards, projects of national or regional importance are not unnecessarily held up by inefficient review procedures. All activities flowing from this "streamlining" are required to comply with the National Environmental Policy Act and all other environmental statutes. All transportation projects nominated are placed on the US DOT's project register. From this, the Secretary of Transportation selects a "priority list" that becomes the focus of a Cabinet-level task force.

Nine projects remain on the priority list from the previous rounds of nominations, and 66 projects previously nominated for this program remain on the project register if the officials who nominated them want them to stay. Additional information about implementation of the President's Executive Order and the nomination process is available at http://www.fhwa.dot.gov/stewardshipeo.

INTERGOVERNMENTAL

FY04 Appropriations

PASSAGE OF CONSOLIDATED SPENDING BILL PUSHED INTO JANUARY 2004

The House and Senate adjourned for the year with action stalled on a 2004 omnibus appropriations bill (HR2673) containing seven funding measures.

Prior to the Thanksgiving holiday, lawmakers scheduled a return the week of December 8, 2003, for one day to vote on HR 2673. However, action on the bill stalled in the Senate for lack of a unanimous vote, thus delaying final passage until January 2004. A sixth continuing resolution was approved November 21, 2003 and expires January 31, 2004.

The omnibus appropriations bill contains \$328 billion in discretionary spending and \$820 billion in total spending, including mandatory funds. It consists of appropriations bills for Agriculture; Commerce, Justice, State and Judiciary; District of Columbia; Labor and Health and Human Services; Veterans Affairs and Housing and Urban Development; Transportation and Treasury; and Foreign Operations. The end of fiscal year 2003 arrived September 30, 2003. The following chart shows the status of the 13 annual appropriations bills and indicates the five that have been passed..

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Status of FY04 Appropriations Bills

checkmark indicates approval

	House Committee	House	Senate Committee	Senate	House Conference	Senate Conference	Signed into
Appropriations Bill	Approval	Passage	Approval	Passage	Approval	Approval	Law
Agriculture	✓	✓	✓	✓			
Commerce/Justice/State/ Judiciary	✓	✓	√				
Defense	✓	✓	✓	✓	✓	✓	✓
District of Columbia	✓		✓	✓			
Energy & Water	✓	✓	✓	✓	✓	✓	
Foreign Operations	✓	✓	✓	✓			
Homeland Security	✓	✓	✓	✓	✓	✓	✓
Interior	✓	✓	✓	✓	✓	✓	✓
Labor/HHS/Education	✓	✓	✓	✓			
Legislative Branch	✓	✓	✓	✓	✓	✓	✓
Military Construction	✓	✓	✓	✓	✓	✓	✓
Transportation/Treasury	✓	✓	✓	✓			
VA/HUD/ Independent Agencies	✓	✓	√	√			

ENVIRONMENT

EPA Appropriations

HOUSE PASSES EPA FY04 SPENDING PACKAGE

The 2004 Omnibus Appropriations package, (H.R. 2673) would provide \$8.4 billion in fiscal 2004 funding for the Environmental Protection Agency (EPA) including more than \$523 million in special projects. Approved by the U.S. House of Representatives December 8, 2003, it includes:

- \$1.35 billion for the Clean Water State Revolving Loan Fund (CWSRF). This amount is the same as the fiscal year 2003 level and \$500,000,000 more than the budget request.
- \$850 for the Drinking Water State Revolving Loan Fund (DWSRF), the same as fiscal year 2003 level and the budget request.
- \$196,000,000 for the Section 319 Nonpoint Source Pollution Control Grants program. This is a \$42,000,000 reduction from the budget request.
- \$228,550,000 for Section 103 and 105 State and Local Assistance grants

Additionally, \$1,265,000,000 goes for Superfund, \$386,000 above the fiscal year 2003 enacted level and \$124,716,000 below the budget request. Of these funds:

- \$879,460,000 is for Superfund response and cleanup activities
- \$148,000,000 is for enforcement activities
- \$140,500,000 for management and support
- \$13,214,000 for transfer to the Office of the Inspector General
- \$45,000,000 for transfer to the Science and Technology account for research and development activities
- up to \$38,826,000 for reimbursable interagency activities.

Senate passage awaits until next year. Many Democrats opposed the bill because it contained controversial provisions inserted by the conference committee without opportunity for public debate. Democrats and a host of Republicans also criticized the legislation because they considered it to be excessive "pork-barrel" spending.

Energy Bill

APWA VICTORIOUS IN MTBE LIABILITY WAIVER FIGHT

APWA and other municipal government organizations successfully stopped Congress from shifting an estimated \$29 billion responsibility for Methyl Tertiary Butyl Ether (MTBE) clean-up from the oil companies to local communities.

The provision, opposed by APWA and other organizations, provided a liability immunity waiver for the producers of the fuel additive MTBE. Republican and Democratic Senators filibustered the bill, resulting in the bill not coming to APWA Washington Report, December 2003

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the Senate floor for consideration before Congress adjourned for the holiday recess. Many Senators expressed concern about the costly impact the waiver would have on local governments.

APWA President Dwayne Kalynchuk called several Senators while in Washington and APWA sent letters urging the Senate to strip the liability waiver from the bill. APWA also sent a press release to all Senate members urging them to strip the MTBE liability waiver provision from the energy package.

Highlighted in the press release was concern that taxpayers will have to foot the bill for clean up of MTBE while local communities face a host of other competing needs. Said Andy Haney, Public Works Director in Ottawa, Kansas: "In Ottawa we have to find money to implement new Environmental Protection Agency (EPA) regulations and reporting requirements such as the National Pollutant Discharge Elimination System (NPDES), upgrade aging water and wastewater infrastructure systems, and implement new security measures and standards to protect against terrorism. These are all new requirements that come on top of sustaining routine, basic services for the public good. Where to find funding for this growing list of priorities is a serious issue."

The Senate is likely to re-consider the energy bill after they return to Washington on January 20. Republicans think prospects are good for passing the bill in its current form. For further information contact Heather Doucet in APWA's Washington Office at 202-408-9541 or email hdoucet@apwa.net.

Sanitary Sewer Overflows

ENVIRONMENTAL PROTECTION AGENCY REPORT TO CONGRESS POSTPONED

A report to Congress, due December 15 from the Environmental Protection Agency (EPA) on the volume, frequency, impacts and costs associated with sanitary sewer overflows (SSOs), will be postponed until the Spring of 2004 said the EPA on December 15.

The 2001 appropriations bill that funded EPA instructed EPA to issue two reports regarding the status of efforts to reduce sewer overflows and the number and effects associated with them. A draft report was sent to the Office of Management and Budget (OMB) in November but has not yet been completed.

The report is expected to discuss the costs that municipalities are facing and the technologies they are using. Once the report is finalized, it's likely that it will play an important role in developing the SSO rule making.

Wetlands Definition

EPA DROPS ISOLATED WETLANDS GUIDANCE; DECISIONS TO BE CASE BY CASE

US Environmental Protection Agency (US EPA) Administrator Mike Leavitt announced December 17 that EPA and the U.S. Army Corps of Engineers would be dropping a proposed rulemaking to clarify the definition of waters of the United States, specifically as it applies to isolated wetlands. The approach will not be to make a rule but rather to make judgments on a case by case basis.

Earlier this year, the two agencies had published an advance notice of a proposed rulemaking regarding the definition of isolated wetlands. The rulemaking asked for comment to determine the reach of federal jurisdiction over isolated, intrastate, non-navigable bodies of water.

The rulemaking was being used to clarify issues raised in a 2001 Supreme Court decision (<u>Solid Waste Agency of Northern Cook County V. Corps of Engineers</u>) invalidating the Migratory Bird Rule used to assert jurisdiction over isolated wetlands. It also was to factor in other court cases that had dealt with wetlands law.

The advance notice of the ruling generated about 133,000 comments which were predominantly negative, according to Administrator Leavitt. Critics of the rule claimed it created as much confusion as it was supposed to resolve. Real estate developers and private property owners claimed the guidance still did not clarify the definition of wetlands regulation.

The 2003 guidance issued by EPA said the presence of migratory birds could not be used as a means of asserting jurisdiction. The guidance does say that other factors including wetlands being used for recreational purposes could be used as a determination. The agency and the corps will continue to rely on the 2003 guidance.

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Importation of Canadian Waste

HOUSES PASSES BILL TO STOP CANADIAN WASTE

As part of the Omnibus spending bill package which included appropriations for the Environmental Protection Agency (EPA), Representative John Dingell (D-MI) included an amendment aimed at forcing the EPA to implement a bilateral treaty on the international shipment of garbage. The Omnibus bill has passed the House and will be considered by the Senate in January.

The amendment, authored by Dingell and Representatives Fred Upton (R-MI), Bart Stupak (D-MI) and Mike Rogers (R-MI) provides \$1 million to EPA's Office of Enforcement. The money is specifically dedicated to the implementation of the bilateral agreement on municipal solid waste between the U.S. and Canada. The money was taken from EPA's media relations budget.

In 1986, the United States and Canada entered into an agreement on the shipment of transboundary waste. In 1992, the treaty was amended to include municipal solid waste. The treaty requires the Canadian environmental department to notify EPA for each shipment of waste that enters the United States. The treaty then gives EPA 30 days to object to the shipment or accept it.

Drinking Water Security

GAO REPORT CALLS FOR SECURITY NEEDS IN HIGH-DENSITY AREAS

Drinking water systems serving densely populated areas have been singled out as the highest priority for federal funds according to experts interviewed for a General Accounting Office (GAO) report.

The report, titled, "Drinking Water: Experts' Views on How Future Federal Funding Can Best Be Spent to Improve Security," was requested by the Senate Environment and Public Works Committee to help determine what activities the federal government should support to improve drinking water security and how that money would best be allocated.

Released December 2, 2003, the report also identifies vulnerable areas for public water systems including:

- Contamination of water supplies
- Computer hacking that could lead to the release of harmful amounts of chlorine or other chemicals into treated water
- Tampering with drinking water treatment chemicals releasing toxic gas in densely populated areas or to circumvent water treatment processes.

Ninety percent of the officials interviewed for the study told GAO that drinking water systems needed at least a "high priority" for additional security funds.

The report recommends providing funding for the development of real-time monitoring technologies that can detect contaminants in water that has already left the treatment plant. It also confirms the need for funds to train utility and non-utility personnel to prevent, respond to, and recover from an attack. Experts also recommended strengthening relationships between utilities and agencies such as public health offices that play a key role in emergencies.

A copy of "Drinking Water: Experts Views on How Future Federal Funding Can Best be Spent to Improve Security" can be obtained from http://www.gao.gov/new.items/d0429.pdf.

EMERGENCY MANAGEMENT/DISASTER MITIGATION

Homeland Security Deputy Named

ADMIRAL JAMES LOY MOVES FROM TSA TO DHS

Retired Coast Guard Admiral James M. Loy, who since July 2002 had been administrator of the Transportation Security Administration (TSA), has been sworn in as the new deputy secretary of Homeland Security. Loy has developed an excellent reputation on Capitol Hill, and had been a commandant of the Coast Guard from 1998 to 2002.

Chemical Release Threats

SECURITY OF FACILITIES INVOLVING CHEMICAL MANUFACTURE OR USE STUDIED

An environmental group based in New York City has released a report that warns of the danger of chlorine gas releases from local sewage treatment plants. The group claims that nineteen million Americans are at risk from accidental or *APWA Washington Report, December 2003*Page 6

intentional releases of deadly chlorine gas from sewage treatment plants.

Furthermore, it states that the Department of Homeland Security's "broad mission could include requiring all chemical facilities to reduce hazards that pose a risk in the event of a terrorist attack." But it noted that the new department has not determined what role it will play in regulating those facilities. The group is calling for federal standards and legislative language that would require agencies to reduce such a hazard.

Currently, two pieces of legislation address the issue: the Chemical Security Act of 2003 (S 157), sponsored by Senator Jon Corzine (D-NJ) and 11 other senators, which sets federal requirements for assessing and securing chemical plants against terrorist attacks; and S 994, sponsored by Senator James M. Inhofe (R-OK) which imposes requirements for conducting vulnerability assessments at chemical facilities. Inhofe's bill would require chemical plants to study the impact of using safer chemicals at their facilities — but would not require their use. The "inherently safer technologies" language has been pushed by Democrats and environmental groups.

A separate Inhofe-sponsored wastewater treatment security bill (S 1039) authorizing \$220 million in federal grants to conduct vulnerability assessments and improve plant security, was sent to the Senate by the Environment and Public Works Committee in mid-September but has not been voted on by the full Senate. The House of Representatives approved its version of the bill (HR 866), sponsored by Representative Don Young (R-AK) on May 7, 2003.

Bridge Security

COAST GUARD WANTS PERMANENT SECURITY ZONES FOR TWO FAMOUS BRIDGES

The U.S. Coast Guard has published notice in the Federal Register to establish permanent security zones around the Golden Gate and San Francisco-Oakland Bay bridges.

Temporary security zones extend 25 feet in radius around all piers, abutments, fenders, and pilings around the two bridges. The Coast Guard is proposing that they would be made permanent. Comments on this proposal must reach the Coast Guard by January 26, 2004. For more information, contact Kristina Tanasichuk in APWA's Washington Office at 202-408-9541 or ktanasichuk@apwa.net.

Airport Security

SMALL AIRPORTS AND PILOTS GROUP SAYS IT KNOWS BEST ABOUT SECURITY

A committee of industry stakeholders advising the Transportation Security Administration (TSA) has concluded that local airport officials know best what security changes and issues should be addressed to protect their airports.

They also gave TSA a series of broad recommendations for securing general aviation airports and made. recommendations for general "common sense" precautions such as knowing who is a passenger on your aircraft and making sure you know where the keys to your aircraft are. The report also recommends that operators take advantage of the Airport Watch program TSA and AOPA launched back in March.

Risk Analysis

ASME WINS GRANT TO SET NATIONWIDE RISK ASSESSMENT GUIDELINES

The Department of Homeland Security has awarded a \$1.6 million grant to the American Society of Mechanical Engineers (ASME) to set nationwide guidelines for conducting risk analyses for critical infrastructure.

The guidelines will provide officials at all levels of government with standard, comparable risk assessments for use in allocating homeland security dollars. ASME will convene a consortium of public, private and professional organizations to develop guidelines that are applicable for a spectrum of critical infrastructure, but will focus heavily on nuclear power plants, chemical plants, subway systems and other highly vulnerable assets.

Predisaster Mitigation

EXTENSION AWAITS OMNIBUS APPROPRIATION ACTION

The Omnibus (in Division H) Appropriations measure to be considered when Congress returns in January 2004 contains a one-year extension of authority for Predisaster Mitigation (December 31, 2004) and a six month extension of authority for the National Flood Insurance Program (June 30, 2004).

If not authorized in the Omnibus, the predisaster mitigation program, now on hold, was set to expire January 1. APWA members in Missouri are urged to contact their Senator Kit Bond to engage his support of the predisaster program to APWA Washington Report, December 2003

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prevent losing millions of dollars in mitigation funding. Members needing key points for a letter or talking points for a phone call should contact Kristina Tanasichuk in APWA's Washington Office at 202/408-9541 or email ktanasichuk@apwa.net.

Homeland Security

COMMITTEE RELEASES COMPROMISE BILL

A bi-partisan compromise from the Select Committee on Homeland Security's Subcommittee on Emergency Preparedness passed November 24, 2003. APWA praised Chairman Christopher Cox (R-CA) and Ranking Member Jim Turner (D-TX) for their support of the homeland security provisions that:

- Acknowledge the nation's emergency responders
- Recognize the full continuum of emergency response to include public works and other responders in addition to the traditional fire, police and emergency personnel
- Sub-allocate funds to cities
- Establish an appeals process and timelines
- Create a one-stop shop for homeland security grants.

APWA continues to remind Congress that localities have limited staff and resources and no community should forego necessary emergency responder funds because of onerous grant application processes and reporting requirements. Additionally, APWA stresses that no first responders should be left behind due to lack of matching funds and urges the Committee to waive matching requirements or at a minimum allow the Secretary to waive them as necessary. For more information contact Kristina Tanasichuk in APWA's Washington Office at 202-408-9541 or ktanasichuk@apwa.net.

Emergency Managers Complain

SIX MICHIGAN COUNTIES CLAIM THEY ARE SHUT OUT OF EMERGENCY GRANT PROCESS

Emergency managers in the six largest counties in Michigan have complained to Governor Jennifer Granholm (D) claiming that they have been shut out of the emergency management grant process and that the six most populated counties in the state are not getting their fair share of the funds.

Although there were state police and fire representatives, the plan was drawn up by the state police director of emergency management. The letter stresses that emergency managers hold key preparedness roles and should not only be included, but also should have more representation, according to a report in "Congressional Quarterly."

The managers point out that even though Michigan's Oakland County's 1.2 million residents account for 11 percent of the state's 2003 population, it received only \$320,000 (three percent of the total available) in federal homeland security equipment grants. APWA members are urged to get involved with their state planning committee to make sure that the needs of public works are addressed.

IN THE STATES

State Advocacy

NEW MEXICO GOVERNOR RAISES TAXES FOR TRANSPORTATION IMPROVEMENTS

New Mexico Governor Bill Richardson (D) has signed legislation (H.B. 15) containing a \$1.6 billion transportation and road improvement program he sought, including nearly \$60 million in state tax and fee increases. Funds raised by the tax increase are to help back bonds to pay for road projects statewide. Richardson claims the legislation, known as Governor Richardson's Investment Partnership, or GRIP, will benefit every county in the state, create an estimated 8,000 jobs per year, and have an \$8.4 billion positive impact on New Mexico over the next six to eight years.

Passed 35-30 in the House and 22-18 in the Senate, Kay provision of the bill include: increase the tax on diesel by 3 cents a gallon, beginning in July 2004, from 18 cents a gallon to 21 cents, providing \$14 million annually; increase motor vehicle registration fees by about 33 percent, beginning in March 2004, contributing \$22 million in revenue; increase the weight-distance tax paid by large commercial trucks totaling \$21 million; increase permit fees for overweight and oversize vehicles, with a projected revenue increase of \$2 million.

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