



- **President Signs Federal Housing Bill**
  - **Fiscal Year 2009 Spending Bills Fail to Move Forward**
  - **No Fix Yet for Highway Trust Fund**
  - **DOT Releases Transportation Proposal Update**
  - **Bill Requiring Uniform Treatment of Municipal, Corporate Bonds Advances**
  - **Senate Outlines ‘Stimulus Supplemental’ Bill for September Consideration**
  - **Conference Committee Set to Begin Negotiations on Amtrak Reauthorization**
  - **House Passes Bill To Expand Eligible Uses for Homeland Security Grants**
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### **President Signs Federal Housing Bill**

On July 30, President Bush signed into law H.R. 3221, the Housing and Economic Recovery Act of 2008. NLC worked closely with Congressional leaders for more than a year in support of the bill. The Act brings additional relief to homeowners in response to the mortgage foreclosure crisis and is intended to strengthen the economy by restoring confidence in the housing and credit markets. The bill also includes \$3.9 billion in neighborhood stabilization funding to help communities purchase and rehabilitate vacant foreclosed properties. NLC will be meeting in the near future with Department of Housing and Urban Development staff to begin discussions regarding the distribution formula and other regulations for this funding. By law, the formula must be developed within 60 days with the funds distributed to communities 30 days later.

To view a summary of the major provisions of the bill, [click here](#). (Michael Wallace, [wallace@nlc.org](mailto:wallace@nlc.org), 202.626.3025)

### **Fiscal Year 2009 Spending Bills Fail to Move Forward**

While on-going disagreements between House and Senate Democrats and Republicans and the White House have delayed progress on the fiscal year 2009 appropriations process, funding recommendations that have emerged from the Senate and House appropriations committees, thus far, are generally favorable for federal programs important to cities and towns. To view charts regarding the status of the spending bills and proposed funding levels for programs important to cities and towns, [click here](#).

Congressional leaders have indicated that they do not expect to complete work on the FY 2009 spending bills until after a new President is in office. (Carolyn Coleman, [coleman@nlc.org](mailto:coleman@nlc.org), 202.626.3023)

### **No Fix Yet for Highway Trust Fund**

Congress will leave Washington without completing action on a short term fix for a projected shortfall in the federal Highway Trust Fund, financed by declining federal fuel tax revenues. Ignoring a presidential veto threat, on July 23, the House adopted H.R. 6532 that would transfer \$8 billion in general Treasury funds to the trust fund by a veto proof margin of 387 – 37. The Senate was not able to adopt a similar provision before the recess, although the provision was included in the Senate transportation appropriations measure, and the stalled tax extenders bill.

On July 28, the U.S. Department of Transportation Secretary Mary Peters announced that the Administration's mid-year federal Highway Trust Fund deficit projection for 2009 will remain at \$5 billion in fiscal year 2009, about the same level as projected earlier this year, not the increase to \$6 billion anticipated prior to the House debate on H.R. 6532. Secretary Peters proposed again that the short term fix for the trust fund shortfall come from the mass transit account, used to fund public transportation programs. Transportation industry advocates will use the recess to highlight the massive transportation infrastructure needs, including noting the August anniversary of the collapse of the Minneapolis bridge to increase the urgency for passing a trust fund fix when Congress returns in September. (Leslie Wollack, [wollack@nlc.org](mailto:wollack@nlc.org), 202.626.3029)

### **DOT Releases Transportation Proposal Update**

Last week, the U.S. Department of Transportation unveiled its proposal for a new surface transportation program that would streamline the current program, eliminate metropolitan planning organizations, focus on congestion pricing for metropolitan areas and favor public-private partnerships over federal funding.

The plan includes a proposed Metropolitan Mobility Program (MM) that would eliminate the current Metropolitan Planning Organization structure and reduce the federal share of funding for metropolitan areas. The MM Program would require congestion pricing for metropolitan areas and "balanced asset management principles." Rather than funding for specific modes, metropolitan area programs would compete against each other for metropolitan fund money. All federal projects with a total cost of over \$250 million would be required to compare the projected costs to costs under a public private partnership model.

The current surface transportation program expires on September 30, 2009, and Congress has been holding preliminary hearings in preparation for a new bill. NLC's Board of Directors adopted a resolution outlining a new national vision for transportation at its recent meeting. The resolution, developed by NLC's Transportation and Infrastructure Services Committee in conjunction with several other NLC committees, advocates for a strong federal role with collaboration with state and local governments;

incorporates the principles of sustainability, innovative technology, regional decision-making and performance measures; and promotes investment in outcome-oriented solutions rather than mode-designated grants. To view a copy of NLC's resolution, [click here](#).

The Administration's proposal is available at <http://www.fightgridlocknow.gov/>. (Leslie Wollack, [wollack@nlc.org](mailto:wollack@nlc.org), 202.626.3025)

### **Bill Requiring Uniform Treatment of Municipal, Corporate Bonds Advances**

Earlier this week, the House Financial Services Committee passed H.R. 6308, the Municipal Bond Fairness Act. The bill, which NLC supports, would require credit-rating agencies to rate municipal bonds on the same scale as corporate and other debt, based on likelihood of repayment. That requirement would raise the ratings of most general-obligation municipal bonds based on their very low default rate, resulting in lower interest rates for cities and states. The bill responds to concerns from cities that interest rates on municipal bonds are being negatively affected by losses bond insurers have suffered in the housing market. Although the bill is unlikely to reach the President this year, given the short time remaining before adjournment, it has already had some effect on Wall Street. Both Standard & Poor's and Moody's Investors Service, the two largest rating agencies, have already embraced a single scale. (Michael Wallace, [wallace@nlc.org](mailto:wallace@nlc.org), 202.626.3025)

### **Senate Outlines 'Stimulus Supplemental' Bill for September Consideration**

Last week, Senate Appropriations Committee Chairman Robert C. Byrd (D-WV) detailed a plan for a second supplemental spending bill that includes \$24.1 billion for infrastructure, housing, natural disaster recovery and energy assistance. Senate appropriators had planned to mark up a second supplemental spending bill for FY 2008 before the August recess but delayed consideration until September.

Specifically, Sen. Byrd's proposal includes \$3.6 billion for highway investments and nearly \$1.2 billion for capital investments in public transportation, Amtrak and airports; \$490 million for Byrne Justice Assistance Grants; \$250 million for the Low Income Weatherization Assistance Program; \$1.25 billion for the Low Income Home Energy Assistance; \$51.8 million for the Federal Housing Administration to prepare for the recently enacted HOPE for Homeowners program; \$500 million for a youth employment program; \$5 million to support the investigation of mortgage fraud; and \$37.5 million to provide legal assistance to families whose homes are in foreclosure.

The supplemental proposal also includes \$300 million for competitively awarded grants to state and local governments for innovative energy efficiency and renewable energy demonstration projects. Despite earlier efforts, led by Senators Hillary Clinton (D-NY), Susan Collins (R-ME), Robert Menendez (D-NJ) and Bernard Sanders (I-VT), to urge Senate appropriations leaders to include \$2 billion in funding for the Energy Efficiency and Conservation Block Grant (EECBG) program, Sens. Robert Byrd (D-WV) and Thad Cochran (R-MS) failed to do so.

Besides the Senators listed, 31 other senators signed a letter urging their Senate colleagues to support funding for the EECBG in the supplemental measure: Biden, Bingaman, Boxer, Brown, Cantwell, Cardin, Carper, Casey, Clinton, Collins, Dodd, Dole, Durbin, Kennedy, Kerry, Klobuchar, Lautenberg, Levin, Lieberman, Menendez, Mikulski, Bill Nelson, Salazar, Sanders, Schumer, Smith, Snowe, Stabenow, Sununu, Whitehouse, and Wyden.

Speaker of the House Nancy Pelosi (D-CA) also has expressed an interest in considering a second supplemental and economic stimulus package before Congress leaves for the year. President Bush and congressional Republicans, however, have questioned the need for another supplemental or stimulus. (Carolyn Berndt, [berndt@nlc.org](mailto:berndt@nlc.org), 202-626-3101)

### **Conference Committee Set to Begin Negotiations on Amtrak Reauthorization**

Legislation to reauthorize the Amtrak program, which expired in 2002, is one step closer to becoming law. On July 22, the House passed an amended version of the bill, S. 294, which the Senate passed last year. The chambers will now use the conference committee process to reconcile differences between the two bills. During conference negotiations, one major item of contention will be a House provision to allow for a private sector high-speed rail line between Washington, DC and New York City. This provision was key to winning support for the bill from House Transportation and Infrastructure Committee Ranking Member Rep. John Mica (FL). The Senate version does not include the privatization provision, and Sen. Frank Lautenberg (D-NJ), a key supporter of Amtrak, opposes the provision. A final conference bill is expected in September, after the August recess. (Carolyn Berndt, [berndt@nlc.org](mailto:berndt@nlc.org), 202.626.3101)

### **House Passes Bill To Expand Eligible Uses for Homeland Security Grants**

On July 29, the House of Representatives passed the Personnel Reimbursement for Intelligence Cooperation and Enhancement (PRICE) of Homeland Security Act (HR 6098). The bill, sponsored by David Reichert (R-WA), would expand federal grant assistance to allow it to pay for costs of state and local personnel and equipment at fusion centers. If the bill becomes law, grant recipients could use up to 50 percent of their state homeland security grant program and urban area security initiative funding for personnel and operational costs at local fusion centers. (Mitchel Herckis, [herckis@nlc.org](mailto:herckis@nlc.org), 202.626.3124)

*Congress will be in recess for the remainder of the month of August.  
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