

WSP Washington Update - December 18, 2017 - Interim Update

Since the last Update on December 11, there has been progress on the tax bill and some movement on FY'18 funding.

Tax Bill – The House and Senate conferees met last week and reconciled the differences in the House and Senate-passed tax bills. The final bill, which must still be approved by the House and Senate, was released to the public late on Friday. The House and Senate will vote on final passage this week – likely as early as tomorrow. At this time, both bodies are expected to narrowly pass the bill, likely with Republican votes only.

Key transportation/infrastructure provisions include:

Private Activity Bonds (PABs) – Existing tax exemption is preserved. This is the result of a major industry effort to oppose the provision in the House tax bill which would have eliminated PABs which are a valuable tool for financing infrastructure projects.

Advance Refunding of Municipal Debt – Eliminated as of January 1, 2018.

Tax Credit for Electric Vehicles – Existing tax credit is preserved.

Commuter Benefit Tax Credit – Existing tax benefit for both employers and employees for pre-tax parking and transit programs is preserved. However, the bill does eliminate the ability of employers to write-off subsidized parking and transit benefits. The existing \$20 per month tax credit for bike commuters is suspended for 10 years.

State and Local Tax (SALT) Deductions – Only allowed up to a maximum of \$10,000 per year from a combination of income, sales and property tax. Individual tax fillers may choose to deduct up to an aggregate of \$10,000 of sales, income, and property taxes.

R&D Tax Credit – Existing credit is preserved.

Alternative Fuel Tax Credit – The tax credit, used by transit agencies to purchase alternative fuel buses, which expired in December 2016, was not extended.

Here is a [link](#) to more information about the final tax bill, including the bill text, a summary of the policy highlights, and the Joint Committee on Taxation revenue table.

FY'18 Appropriations – No resolution has been reached yet on how to deal with the need to raise the defense and non-defense budget caps in order to have enough room under the caps to pass an omnibus FY'18 federal agency funding bill without triggering across-the-board funding cuts known as sequestration.

In the meantime, the current Continuing Resolution (CR) which is temporarily funding the government expires on December 22. At this point, it appears that Congress will try to pass another CR through January 19, 2018 before they adjourn later this week for the year. However, Senate Democrats have threatened to filibuster the CR because it includes full-year FY'18 funding for Pentagon operations. Enacting a full year of military funding would reduce Democrats' leverage in broader spending talks covering the remainder of FY'18 domestic funding.

US DOT Personnel – Paul Trombino, the former head of Iowa DOT, has withdrawn his name from consideration as FHWA Administrator for family reasons. His nomination was widely praised by the industry. He had been approved by the Senate EPW Committee and was waiting for final Senate confirmation which was expected to occur before Congress adjourned for the year.