



Puget Sound Regional Council

# Puget Sound Regional Council (PSRC)

## Federal Policy Update

Holland & Knight

# Today's Presenters



**Leslie Pollner** is co-leader of Holland & Knight's Local Government Group and a member of the firm's Public Policy & Regulation Group. Ms. Pollner focuses on several key industries, including transportation, economic development and housing.



**Lauri Hettinger** is a senior policy advisor in the Public Policy & Regulation Group in the Washington, D.C., office of Holland & Knight. Ms. Hettinger advocates for local government municipalities' and industry's infrastructure needs, including surface transportation, water resources, economic development and Army Corps of Engineers.

# DC Update

- **Appropriations:** House and Senate Appropriations Committees have begun marking up bills. Appropriations process was stalled in May/June due to debt ceiling negotiations.
- **FAA Reauthorization:** The House Transportation and Infrastructure Committee held a two-day markup on their bill from June 13-14. Bill is expected on the floor the week of July 17. The Senate Commerce Committee is expected to markup their bill in the next few weeks. Original mark-up was delayed due to pilot training amendment.
- **Fiscal Responsibility Act:** Debt Ceiling deal continues to impact congressional activity.
  - Sets spending caps for FY 2024.
  - Claws back \$115 billion in previously enacted funding.
  - Incentivizes Congress to pass a budget before the end of the fiscal year by including a 1% across-the-board cut if the deadline is breached.

# Infrastructure Law Implementation

- On November 15, 2021, President Biden signed the bipartisan “Infrastructure Investment and Jobs Act” (IIJA) into law that invests in the nation’s infrastructure, including funding for roads and bridges, rail, transit, airports, energy, sustainability, water, and broadband, among other priorities.
- The legislation provides \$1.2 trillion in total spending **over 5 years** across competitive and formula programs, including \$550 billion in **new spending**. The legislation also includes the surface transportation authorization bill.
- Federal agencies continue to release notice of funding opportunities (NOFOs) and are distributing billions of dollars for transportation infrastructure, broadband, water, energy, and sustainability. **As of June 2023, every major federal agency funding program outlined in IIJA has been released at least once\*.**

- \* only exception is the Digital Equity Grant for Broadband from DOC

# Formula Programs

Program	Funding level over 5 years
<p><b>Surface Transportation Block Grant (STBG) Program</b></p> <ul style="list-style-type: none"> <li>Existing formula program for Federal-aid highways, bridges, and transit projects.</li> </ul>	<p>\$72 billion (23.6% increase over FAST Act)</p> <p><b>\$1.2 billion for WA</b></p>
<p><b>Bridge Formula Program (new)</b></p> <ul style="list-style-type: none"> <li>Provides funds to States by formula for bridge replacement, rehabilitation, preservation, protection, or construction projects on public roads.</li> </ul>	<p>\$26 billion</p> <p><b>\$9.14 billion for WA</b></p>
<p><b>Transportation Alternatives Program (TAP)—suballocated from STBG</b></p> <ul style="list-style-type: none"> <li>Existing formula program.</li> <li>Funds smaller-scale transportation projects such as pedestrian and bicycle infrastructure, recreational trails, and environmental mitigation.</li> <li>Increases the minimum percentage of TAP funding that is sub-allocated on the basis of population from 50% to 59%.</li> </ul>	<p>\$7.2 billion; suballocated from STBG</p>
<p><b>Highway Safety Improvement Program (HSIP)</b></p> <ul style="list-style-type: none"> <li>Existing formula program</li> <li>Funds highway safety improvements.</li> </ul>	<p>\$15.6B (34% increase over FAST Act)</p> <p><b>\$265 million for WA</b></p>

# Formula Programs

Program	Funding level over 5 years
<b>Congestion Mitigation and Air Quality Improvement Program (CMAQ)</b> <ul style="list-style-type: none"><li>Existing formula program.</li></ul>	\$13.2 billion (9.79% increase over FAST Act)  <b>\$41 million for WA</b>
<b>Carbon Reduction Program (new)</b> <ul style="list-style-type: none"><li>65% of funds are suballocated to urbanized areas.</li><li>Funds projects to reduce transportation emissions or for the development of carbon reduction strategies.</li><li>Requires states, in consultation with MPOs, to develop (and update at least every four years) a carbon reduction strategy and submit to USDOT for approval.</li></ul>	\$6.42 billion  <b>\$21 million for WA</b>

# Key Competitive Infrastructure Opportunities

Program	Funding level over 5 years	Status
<p><b>INFRA Grant Program</b></p> <ul style="list-style-type: none"> <li>Existing program that supports highway and rail projects of regional and national economic significance.</li> <li>2022 Award – award in Seattle (Salmon Bay Bridge Rehabilitation Project--WSDOT, \$25M)</li> </ul>	\$8 billion	2023 Combined NOFO expected Summer 2023
<p><b>MEGA Grant Program</b></p> <ul style="list-style-type: none"> <li>Supports large, complex projects that will generate national or regional economic, mobility, or safety benefits.</li> <li>2022 Awards – No awards in WA</li> </ul>	\$5 billion	
<p><b>Pilot Program for Transit Oriented Development (TOD)</b></p> <ul style="list-style-type: none"> <li>Existing program for funding to integrate land use and transportation planning for existing Capital Investment Grant projects.</li> <li>2022 Awards – No awards in WA</li> </ul>	\$68.9 million	2022 Awards announced

# Key Competitive Infrastructure Opportunities

Program	Funding level over 5 years	Status
<p><b>Bus and Bus Facilities</b></p> <ul style="list-style-type: none"> <li>• Existing program that provides capital funding to replace, rehabilitate, purchase, or lease buses and bus related equipment.</li> <li>• 2022 Awards:               <ul style="list-style-type: none"> <li>• WSDOT - \$5.42M</li> <li>• Cowlitz Indian Tribe - \$185,368</li> </ul> </li> </ul>	\$1.9 billion	FY 2023 awards announced on 6/22/23
<p><b>Low-No Emission Buses</b></p> <ul style="list-style-type: none"> <li>• Existing program that supports the purchase or lease of zero-emission and low-emission transit buses as well as acquisition, construction, and leasing of required supporting facilities.</li> <li>• 2022 Awards:               <ul style="list-style-type: none"> <li>• Central Puget Sound Regional Transit Authority - \$9.26M</li> <li>• Pierce County Public Transportation Benefit Area Corporation - \$3.87M</li> </ul> </li> <li>• 2023 Award: King County Metro - \$33,552,634</li> </ul>	\$5.5 billion	FY 2023 awards announced on 6/22/23

# Key Competitive Infrastructure Opportunities

Program	Funding level over 5 years	Status
<ul style="list-style-type: none"> <li>• <b>Bridge Investment Program – Planning Grants (new)</b> <ul style="list-style-type: none"> <li>• Planning grants for bridge projects</li> <li>• 2022 Award – City of Seattle 4<sup>th</sup> Avenue Bridge (\$2.4M)</li> </ul> </li> <li>• <b>Bridge Investment Program – Bridge Projects (new)</b> <ul style="list-style-type: none"> <li>• Projects to replace, rehabilitate, preserve or protect bridges on the National Bridge Inventory.</li> </ul> </li> <li>• <b>Bridge Investment Program – Large Bridges (new)</b> <ul style="list-style-type: none"> <li>• Large bridge projects with eligible costs greater than \$100 million.</li> <li>• 2022 Award – No PSRC recipients</li> </ul> </li> </ul>	\$12.5 billion	FY 2023 NOFO expected Summer 2023
<ul style="list-style-type: none"> <li>• <b>Port Infrastructure Development Grant</b> <ul style="list-style-type: none"> <li>• Grants to invest in the modernization and expansion of U.S. ports to remove bottlenecks, and ensure long-term competitiveness, resilience, cybersecurity, and sustainability while reducing impacts to the environment and neighboring communities.</li> <li>• 2022 Awards – Port of Seattle (\$17.035M), Cargo Berth One (Olympia, WA) (\$9.2M)</li> </ul> </li> </ul>	\$2.25 billion	FY 2023 Awards TBD

# Key Competitive Infrastructure Opportunities

Program	Funding level over 5 years	Status
<p><b>Safe Streets and Roads for All (new)</b></p> <ul style="list-style-type: none"> <li>• Supports planning and implementation of local Vision Zero initiatives.</li> <li>• 2022 Awards:               <ul style="list-style-type: none"> <li>• PSRC - \$4.86M action planning grant</li> <li>• City of Seattle - \$25.65M implementation grant</li> </ul> </li> </ul>	\$5 billion	FY 2023 NOFO open until July 10
<p><b>Reconnecting Communities Program (new)</b></p> <ul style="list-style-type: none"> <li>• To remove, retrofit, or mitigate highways or other transportation facilities that create barriers to community connectivity.</li> <li>• 2022 Awards:               <ul style="list-style-type: none"> <li>• City of Seattle - \$1.6M planning grant</li> </ul> </li> </ul>	\$500 million	2022 awards announced; FY 2023 NOFO expected soon
<p><b>Railroad Crossing Elimination Grants (new)</b></p> <ul style="list-style-type: none"> <li>• To fund highway-rail or pathway-rail grade crossing improvement projects that focus on improving the safety and mobility of people and goods.</li> <li>• 2022 awards:               <ul style="list-style-type: none"> <li>• City of Seattle - \$2M planning grant</li> </ul> </li> </ul>	\$3 billion	Closed

# Key Competitive Infrastructure Opportunities

Program	Funding level over 5 years	Status
<p><b>SMART Grant Program (new)</b></p> <ul style="list-style-type: none"> <li>Demonstration projects to improve transportation efficiency and safety.</li> <li>2022 Award:               <ul style="list-style-type: none"> <li>Central Puget Sound Regional Transit Authority - \$2M</li> <li>City of Seattle: \$1.996M</li> </ul> </li> </ul>	\$500 million	2023 NOFO expected August 2023
<p><b>RAISE Grant Program</b></p> <ul style="list-style-type: none"> <li>Existing program that supports construction and planning for road, rail, transit, and port projects that achieve national objectives.</li> <li>2022 Award:               <ul style="list-style-type: none"> <li>WSDOT - \$5M (reconnecting I-90 communities between Seattle and Spokane)</li> </ul> </li> </ul>	\$7.5 billion	Awards expected June 2023
<p><b>Electric Vehicle (EV) Charging and Refueling Infrastructure Program (new)</b></p> <ul style="list-style-type: none"> <li>Funding to deploy EV charging and alternative fueling infrastructure along designated alternative fuel corridors and in communities.</li> </ul>	\$2.5 billion	Closed

# Key Competitive Infrastructure Opportunities

Program	Funding level over 5 years	Status
<b>PROTECT Grant Program (new)</b> <ul style="list-style-type: none"><li>Funding for planning, resiliency improvements, community resilience, evacuation routes, and at-risk coastal infrastructure.</li></ul>	\$1.4 billion	FY 2023 NOFO open until August 18

# Aviation Programs

Program	Funding Level over 5 years	Status
<p><b>Airport Terminal Competitive Grant Program (new)</b></p> <ul style="list-style-type: none"> <li>Funding for sustainable and accessible airport terminals, on-airport rail access projects, and airport-owned airport traffic control towers.</li> <li>2023 Awards:               <ul style="list-style-type: none"> <li>SEA - \$16M</li> <li>GEG - \$15M</li> </ul> </li> </ul>	\$5 billion	2023 awards announced
<p><b>Airport Improvement Program (AIP)</b></p> <ul style="list-style-type: none"> <li>Existing program for runway, taxiway, safety, and sustainability projects, as well as terminal, airport-transit connections, and roadway projects.</li> <li>2023 Awards:               <ul style="list-style-type: none"> <li>SEA - \$5M</li> </ul> </li> </ul>	\$15 billion	2023 awards announced

# IIJA – Key Takeaways

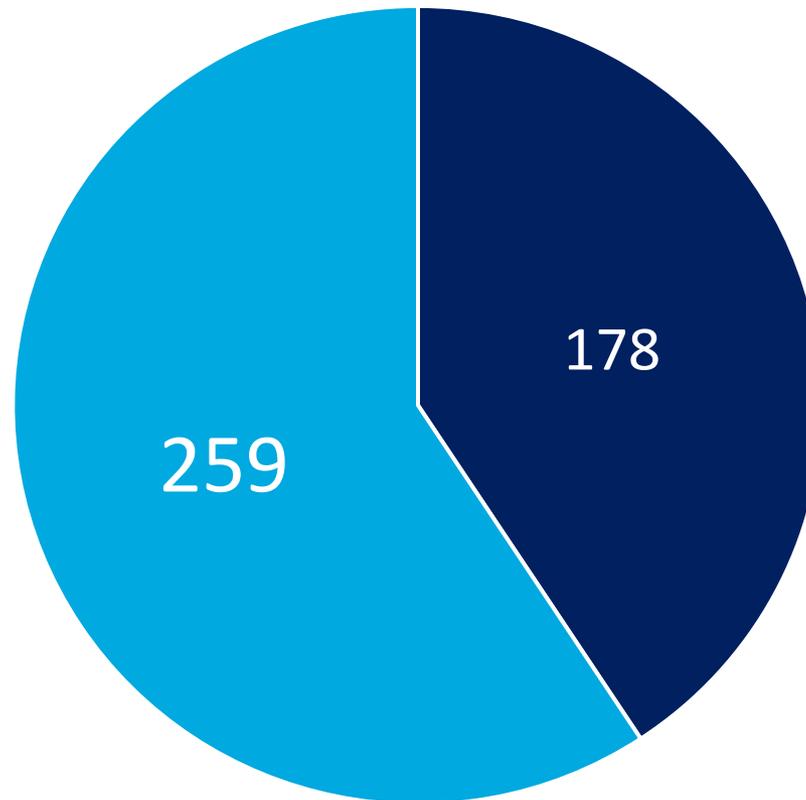
- Importance of addressing administration priorities in grant applications
- High priority for underserved communities
  - Administration's Justice40 priorities
- Investment in workforce development
- Regional approach valued
- Community stakeholder engagement/coalition building matters
- Climate resilience must be incorporated

# Inflation Reduction Act

- On August 16, 2022, President Biden signed the “Inflation Reduction Act” (IRA), a \$739 billion budget reconciliation package that includes tax, healthcare, and climate provisions.
- The bill provides approximately \$370 billion in new climate and energy tax incentives.
- The prescription drug pricing provisions would allow Medicare to negotiate some drug prices, estimated to save the government nearly \$300 billion.
- Federal agencies have significant authority and will be responsible for the success of IRA; implementation will include the promulgation of many new rules and decisions on how to deploy funding.
- A significant percentage of funding comes from tax credits.

# Tax Credits vs. Competitive Funding - IRA

IRA Funding for Climate Change, in Billions



■ Grants, Loans and Federal Operations ■ Tax Credits, Corporate + Consumer ■ ■

# Inflation Reduction Act Programs

Program	Funding	Status
<p><b>State and Private Forestry Conservation Programs</b></p> <ul style="list-style-type: none"> <li>• \$700 million for the Forest Legacy Program to provide grants to states to acquire land and interests in land. \$1.5 billion for the Urban and Community Forestry Assistance program, providing multiyear grants to state agencies, local governments, tribes or nonprofits for tree planting.</li> </ul>	\$2.2 billion	Closed in June 2023
<p><b>Greenhouse Gas Reduction Fund (new)</b></p> <ul style="list-style-type: none"> <li>• The new Greenhouse Gas Reduction (GHG) Fund will invest in nonprofit, state, and local financing institutions designed to rapidly deploy low- and zero-emission technologies by leveraging investment from the private sector.</li> <li>• RFI issued</li> </ul>	\$27 billion	Implementation framework released in April 2023; NOFO TBD
<p><b>Clean Heavy-Duty Vehicles (new)</b></p> <ul style="list-style-type: none"> <li>• A program to award grants and rebates to replace Class 6 and Class 7 heavy-duty vehicles with zero-emission vehicles.</li> <li>• RFI issued</li> </ul>	\$1 billion	RFI closed in June 2023; NOFO TBD
<p><b>Reduction of Truck Emissions at Port Facilities (new)</b></p> <ul style="list-style-type: none"> <li>• Funds projects that reduce port-related emissions from idling trucks, including the advancement of port electrification and improvements in port operations efficiency.</li> </ul>	\$150 million	FY 2023 NOFO open until July 26

# Inflation Reduction Act Programs

Program	Funding	Status
<p><b>Neighborhood Access and Equity Grant Program (new)</b></p> <ul style="list-style-type: none"> <li>Competitive grant program to reconnect communities divided by existing infrastructure barriers.</li> <li>To mitigate negative impacts of transportation facilities on disadvantaged or underserved communities, and support equitable transportation planning and community engagement activities.</li> </ul>	\$3 billion	Expected July 2023
<p><b>Low-Carbon Transportation Materials Grants (new)</b></p> <ul style="list-style-type: none"> <li>A program to reimburse or provide incentives to state, local governments, and MPOs for the use of low-embodied carbon construction materials and products in projects, and for the operations and administration FHWA.</li> </ul>	\$2 billion	TBD
<p><b>Environmental Review Implementation Funds (new)</b></p> <ul style="list-style-type: none"> <li>Program to facilitate the development and review of documents for the environmental review process for proposed projects for state, local governments, and MPOs.</li> </ul>	\$100 million	TBD
<p><b>Investing in Coastal Communities and Climate Resilience</b></p> <ul style="list-style-type: none"> <li>NOAA funding for conservation, restoration and protection of coastal and marine habitats and resources and to prepare for extreme storms and climate change.</li> </ul>	\$2.6 billion	NOFO open; application deadline February 2024

# Inflation Reduction Act Programs

Program	Funding	Status
<p><b>Climate Pollution Reduction Grants (new)</b></p> <ul style="list-style-type: none"> <li>Grants for the costs of developing plans to reduce GHG air pollution.</li> <li>Directs EPA to make such a grant to at least one air pollution control agency, municipality, or Indian tribe in each state.</li> </ul>	\$5 billion	Closed; Awards expected July-August 2023
<p><b>Low-Emissions Electricity Program (new)</b></p> <ul style="list-style-type: none"> <li>Funding to educate and provide technical assistance to state, tribal, and local governments on GHG emissions that result from domestic electricity generation and use.</li> </ul>	\$87 million	Closed
<p><b>Environmental and Climate Justice Block Grants (new)</b></p> <ul style="list-style-type: none"> <li>A program to invest in community-led projects in disadvantaged communities and community capacity building centers to address disproportionate environmental and public health harms related to pollution and climate change.</li> </ul>	\$3 billion	Closed

# IRA Tax Credits Available to Local Governments

- Section 30C- Alternative Fuel Refueling Property
- Section 45(a) – Production Tax Credit for Electricity Produced by Certain Renewable Resources
- Section 45Q – Carbon Oxide Sequestration
- Section 45U – Zero-Emission Nuclear Power Production Credit
- Section 45V – Credit for Production of Clean Hydrogen
- Section 45W – Credit for Purchase of Commercial Clean Vehicles
- Section 45X – Advanced Manufacturing Production Credit
- Section 45Y and 48E – Clean Energy Production Credit and Clean Energy Investment Tax Credit
- Section 45Z – Clean Fuel Production Credit
- Section 48 – Energy Credit (Investment Tax Credit)
- Section 48C – Advanced Energy Production Credit

# Direct Pay Option for Tax-Exempt Organizations (IRA Tax Credits)

- Prior to IRA, many tax-exempt organizations (including local governments) could not fully benefit from tax credits, such as those that incentivize clean energy infrastructure/deployment.
- Within IRA, the direct pay (also known as “elective pay”) feature allows tax-exempt and governmental entities to receive elective payments for 12 clean energy tax credits.
- **This new feature is a game changer in how local governments can maximize their earning potential in federal funds to expand clean energy infrastructure.**

# Upcoming Housing Opportunities from FY 2023 Omnibus

- **Manufactured Housing Program** – New \$225 million (distributed over five years) Preservation and Reinvestment Initiative for Community Enhancement (PRICE) program to preserve and revitalize manufactured housing.
  - Competitive grants available to states, local governments, resident-owned manufactured housing communities, cooperatives, nonprofits, community development financial institutions, Tribes, and other entities designated by HUD.
  - 50 percent federal funding match required.
- **“Yes, In My Backyard” (YIMBY) Program** – New \$85 million grant program that rewards state/local governments that reform land use policies + other local barriers that constrain supply of affordable housing.
  - Policies include: increasing density, minimizing lot sizes, transit-oriented development zones, donating vacant land for housing development, and more.

# Questions

**Thank you.**