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Metropolitan Transportation Authority

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**EXECUTIVE MANAGEMENT COMMITTEE
NOVEMBER 6, 2014**

SUBJECT: FEDERAL LEGISLATION

ACTION: ADOPT STAFF RECOMMENDED LEGISLATION POSITION

RECOMMENDATION

Staff recommends that the Board adopt a SUPPORT – WORK WITH AUTHOR position on H.R. 5101 (Hahn) National Freight Network Trust Fund Act of 2014.

SUMMARY

**H.R. 5101 (Hahn) – Would direct 5% of all import duties collected by Customs and Border Protection (CBP) at Ports of Entry to be spent on freight transportation.
SUPPORT – WORK WITH AUTHOR**

ISSUE

At the federal level, very few programs are available to fund projects connected to the land side movement of cargo once containers leave their destination port. The current surface transportation bill, MAP-21, calls for the establishment of a Freight Network, but did not provide a dedicated source of funds for goods movement projects. Prior to MAP-21, goods movement projects were generally funded by earmarks requested by Members of Congress. Earmarks are no longer permitted in the U.S. Congress, therefore leaving a gap in available funding for goods movement improvements.

DISCUSSION

Goods movement is a significant industry in Los Angeles County, with the Ports of Los Angeles and Long Beach handling over 40% of all the imported cargo entering the United States. Communities that surround Los Angeles County’s ports experience a high level of congestion and environmental impacts as a result of the large amount of cargo exiting the County’s two ports as it is transported to rail yards and storage facilities across Los Angeles County and surrounding counties. Through the creation of a program aimed at improving the movement of goods, residents, commuters and businesses will benefit from less congestions and improved air quality.

Consistent with Metro's 2014 Legislative Program in support of creating a fully funded freight program, H.R. 5101 (Hahn) offers a dedicated revenue source derived from 5% of currently collected Customs and Border Protection import duties and dedicates those funds to the National Freight Network Trust Fund. H.R. 5101 establishes the creation of a Trust Fund and directs the Secretary of Transportation to distribute these funds through grants at his or her discretion for projects in accordance with the National Freight Strategic Plan. Customs and Border Protection currently collect roughly \$38 billion per year in import duties. By dedicating 5% of the current duties to a National Freight Network Trust Fund, approximately \$1.9 billion would be deposited into such a fund on an annual basis. Grants provided through the Trust Fund would be eligible to states, regional and local transportation authorities to make freight network improvements. The legislation also directs the Secretary of Transportation to update the National Freight Network every five years.

Staff believes that this innovative and timely legislation could be further strengthened by ensuring that funding made available through the National Freight Network Trust Fund be apportioned, in part, based on where customs duties are collected.

DETERMINATION OF SAFETY IMPACT

Staff has reviewed this legislation and determined that it will not have an impact of safety.

FINANCIAL IMPACT

Staff has determined that there may be a favorable financial impact to Metro as a result of this legislation. Customs and Border Protection duty fees are currently deposited into the general fund of the United States Treasury and are not dedicated to any specific program through which Metro may receive federal funding. If this legislation were adopted by Congress and signed into law by the President, it would provide Metro an opportunity to apply for additional funding that is currently not available.

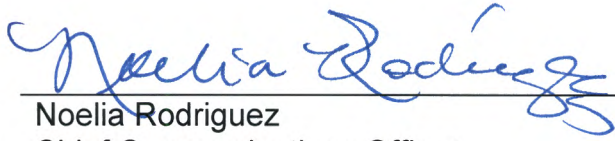
ALTERNATIVES CONSIDERED

The Grow America Act, which was proposed by the Obama Administration earlier this year, proposes to fund goods movement projects, in part, through business tax reforms. Due to ongoing Congressional gridlock, it is unlikely that business tax reform will be enacted in the near-term to provide for a fully funded National Freight Network Trust Fund.

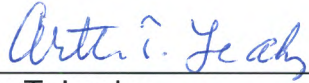
NEXT STEPS

Should the Board decide to SUPPORT H.R. 5101, staff will work with U.S. Representative Janice Hahn (D-44) to support the inclusion of this proposal in the next surface transportation bill and see if language can be added to ensure that funding availability be proportional, in part, to where customs duties are collected.

Prepared by: Michael Davies, Assistant Director, Federal Affairs
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Noelia Rodriguez
Chief Communications Officer

A handwritten signature in blue ink, reading "Arthur T. Leahy", written in a cursive style. The signature is positioned above a horizontal line.

Arthur T. Leahy
Chief Executive Officer