

Bus Rolling Stock Modernization Act

**Senator Tina Smith (D-MN), Senator Kevin Cramer (R-ND),
Senator John Fetterman (D-PA), Senator Katie Britt (R-AL)**

Public transportation is a vital industry across the United States, from the most rural to the most urban communities. In addition to providing billions of trips per year, the industry employs more than 430,000 people and generates five dollars in economic returns for every dollar invested. In 2021, Congress passed the Infrastructure Investment and Jobs Act, a once-in-a-generation investment in infrastructure, including public transportation. With federal resources now flowing to transit agencies, it is vital to make sure this federal investment is cost effective by maximizing the number of buses delivered.

Unfortunately, current law leaves Federal Transit Administration and transit agency grantees are operating under 40-year-old payment practices that fail to account for modern bus manufacturing supply chains and advanced technology of modern transit buses. These circumstances are diminishing the value of the increased funding contained in the infrastructure bill. Maintaining a strong domestic bus manufacturing market is essential for local transit agencies and the efficient use of federal and local funding.

The ***Bus Rolling Stock Modernization Act*** would cut red tape and provide much-needed flexibility by allowing transit agencies to make advance payments of up to 20% for bus rolling stock purchased using federal grant funds. Current Federal Transit Administration (FTA) regulations allow for advance payment only when the manufacturer obtains a performance bond or letter of credit and the grantee receives pre-approval from FTA, a process that is cumbersome, time consuming, and costly for the purchaser and the manufacturer. Under the ***Bus Rolling Stock Modernization Act***, local transit agencies will have the option to provide advance payments up to 20% for buses without the need for a performance bond or letter of credit or FTA approval. This will simplify the purchasing process and help drive down costs for agencies and manufacturers. This small change will also help to support U.S. bus manufacturing jobs, get more buses into service, and help Americans get to their jobs, school, and health care appointments more easily.