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Senators optimistic deal close on transport bill

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By [Roberta Rampton](#) and [Richard Cowan](#)

WASHINGTON (Reuters) - Senators involved in marathon talks on a two-year deal for funding U.S. road, bridge and rail projects said on Monday they were close to a compromise with House Republicans, although they might need to work through a Friday deadline to finish negotiations.

They declined to talk about specifics, or address whether the potential deal would include a measure to approve the Canada-to-Texas Keystone XL oil pipeline, which has been a major hurdle.

"We've just made some major breakthroughs and I feel very good about it," Republican Senator James Inhofe told reporters on Capitol Hill, noting meetings continued on Monday night.

"We've got five days to go and I think we're going to do it. I really feel optimistic we're going to have a shot at this," said Inhofe, the top Senate Republican on the negotiating panel.

Federal funding for transportation projects expires on Saturday. As many as 3 million jobs hinge on the legislation, and failure to pass it would have a direct impact on the economy ahead of the November 6 general election.

Democratic Senator Jay Rockefeller said a short-term extension of current funding might be needed to allow lawmakers to wrap up technical details in the bill.

"If we can get something wrapped up tonight, then you've got to write it all and that takes at least a week," Rockefeller said.

Republicans in the House of Representatives are insisting that fast-track approval for TransCanada's Keystone pipeline be part of a transportation funding bill.

Environmental groups have fought the project that would carry crude from Canada to refineries in Texas because they worry about the pollution created by Canada's oilsands and potential spills from the line.

"We strongly support responsible highway reforms to cut permitting time in half, reduce duplicative federal programs, and ensure taxpayer dollars are spent wisely, as well as job-creating energy initiatives like Keystone," said Kevin Smith, a spokesman for House Speaker John Boehner.

Talks that ran straight through the weekend had yielded glimmers of compromise on some sticking points in the proposed two-year, \$109 billion transportation package.

Democratic negotiators had offered concessions on Republican demands to streamline environmental reviews for certain types of road projects, and also offered a possible compromise to ease proposed environmental regulations for coal ash, a byproduct of coal-fired power plants used in cement.

But senators did not want to talk about Keystone, one of the last topics to be addressed by negotiators.

"I think there's some trade-offs that are being talked about. I'm not going to say what they are exactly," said Kay Bailey Hutchison, a Republican senator from Texas, who declined to say whether the pipeline was one of them.

Negotiators have considered adding to the highway bill a deal to avoid a July 1 doubling of interest rates for federal student loans.

That measure could be wrapped in with a short-term highway extension, but would likely be considered separately if negotiators reach a longer-term transportation deal, Hutchison said.

Senate negotiators have sought to keep Keystone out of the bill, and have discussed ways to hold a separate vote on the pipeline, a senior Senate Democratic aide said.

"We're still hopeful that we can work something out," the aide said.

The Keystone measure has passed in the House four times, but narrowly failed a Senate vote in March.

The White House has said President Barack Obama would veto a bill that overrides his decision this year to block the pipeline, pending further environmental study.

If the Senate and House cannot agree on the broad bill, they will likely push to pass a short-term extension of current funding. Boehner had floated a six-month extension this month.

Stop-gap funding would keep construction jobs going, although it may put the brakes on some long-term projects.

(Editing by [Xavier Briand](#) and [Lisa Shumaker](#))

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