

Surface Transportation Program Reauthorization Cannot Wait

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The federal highway, public transportation and safety programs are at a crossroads. Inadequate transportation infrastructure imposes hundreds of billions of dollars of unnecessary costs on the U.S. economy each year and serves as an impediment to our competitiveness in the global marketplace. At the same time, current Highway Trust Fund revenue projections will not support existing highway and public transportation investment levels, which could force massive cuts in investment that would eclipse any economic/job creation gains from this year's economic recovery package.

These national challenges must be addressed by a timely reauthorization of the federal surface transportation programs. A fundamental understanding of the financing challenges facing the reauthorization bill makes clear the need for action in 2009.

What level of investment can the Highway Trust Fund support?

The majority staff of the House Transportation & Infrastructure Committee has determined current Highway Trust Fund revenues will support a six-year surface transportation program of \$236 billion, which is approximately \$90 billion below the amount necessary to maintain existing investment levels and could result in significant investment cuts for the highway and transit programs. An additional \$100 billion-plus must be generated to achieve the macro investment goals discussed in the House and Senate for the next reauthorization bill.

Why is the Trust Fund unable to support current investment levels?

The revenue streams flowing into the Highway Trust Fund have not been adjusted in over 15 years and no new revenue sources have been created. At the same time, demands on the highway and public transportation systems have grown dramatically. Furthermore, the last surface transportation reauthorization included annual investment levels well above incoming trust fund revenues. As a result, the trust fund's existing cash balance was structurally liquidated and the next bill must rely on existing or new sources of revenues.

The American Recovery and Reinvestment Act invests substantially in transportation infrastructure. Why do we need a reauthorization bill?

The recovery act's transportation investments are intended to be a short-term infusion of resources. While these investments will certainly generate substantial activity, that activity will dissipate unless a robust multi-year reauthorization bill is enacted soon. States will not make long-term transportation plans and businesses will not make major capital decisions based on non-recurring investments. In fact, failure to address the trust fund's revenue shortfall could result in 500,000 lost jobs by FY 2015 – exactly the opposite of the recovery act's goals.

Isn't there a creative way to finance the next surface transportation bill?

Certainly public-private partnerships and other non-traditional financing opportunities can and should play a significant role, but their potential cannot be quantified in advance and they do not generate federal revenue. As such, there are fundamentally three choices for the next bill: dramatically cut highway and transit investment; massive deficit spending; or raise new revenues.

What potential revenue sources exist to finance the next bill?

Fortunately, two congressionally-chartered independent commissions and several congressional leaders are offering potential solutions to the revenue shortfall. Among the options currently on the table and their respective six-year revenue potential are:

- 10 cents/gallon motor fuels tax increase \$111 billion
- \$5 per barrel tax on oil \$195 billion
- Index current motor fuels tax \$16.2 billion
- New freight user fee \$60 billion
- Bonding/Infrastructure bank \$50 billion
- Tolling (not federal revenue) \$15 billion
- Credit assistance (TIFIA Program) \$12 billion
- Double Heavy Vehicle Use Tax \$6 billion
- Eliminate motor fuel tax exemptions \$9 billion

Time to Act is Now!

The reauthorization of the federal surface transportation program is a chance to generate immediate economic benefits, improve the international competitiveness of American businesses, and prevent looming interest cuts that would cost hundreds of thousands of jobs. **We urge Congress to seize this opportunity to help restore the U.S. economy by acting on a robust surface transportation reauthorization bill as soon as possible.**



The Transportation Construction Coalition is a partnership of 28 national associations and construction unions representing hundreds of thousands of individuals with a direct market interest in federal transportation programs. The TCC was initiated in July 1996 to focus on the federal budget and surface transportation program reauthorization debates.