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Administration Seeks \$20 Billion to Cover Highway Fund Shortfall

By Colby Itkowitz, CQ Staff

With the Highway Trust Fund on the verge of depletion, the Transportation Department sent Congress a more detailed plan Wednesday to keep surface transportation programs funded through March 2011.

In a two-page document, the department proposed borrowing \$20 billion from the Treasury's general fund, to be repaid over 10 years. But it did not recommend specific spending cuts or revenue raisers to offset the funding over the coming decade.



“A revenue measure that repays the general fund contemporaneously is not feasible given the economic situation and pressing needs of the transportation system,” the department said.

The document also outlined transportation policy changes that Secretary [Ray LaHood](#) hinted at June 17 when he announced the White House's support for a short-term extension of current surface transportation law (PL 109-59). That authorization expires Sept. 30.

LaHood previously told Congress that the federal Highway Trust Fund would run short by \$5 billion to \$7 billion in August. He also said an additional \$8 billion to \$10 billion would be needed to finance projects already authorized through the end of fiscal 2010.

“Legislation to address the HTF shortfall should pass before August recess to avoid disruptions to state cash management and further strain on state budgets,” the latest document said.

While the 18-month extension proposal does not provide specific ideas to pay back the general fund, it does say the administration would support a range of options, including “international tax

enforcement proposals,” which were in the president's fiscal 2010 budget request.

In its budget, the administration proposed several steps that would dramatically change the way the United States taxes multinational corporations based here. The most controversial proposal, which would raise an estimated \$51.5 billion over 10 years, would limit companies' ability to defer U.S. taxes on money they earn overseas. Other proposals would place new limitations on foreign tax credits and give companies less flexibility in using offshore subsidiaries.

Policy Changes

The extension proposal, which is labeled “Stage 1 Reauthorization,” calls for \$300 million to help states and metropolitan planning organizations evaluate their transportation systems. It would provide \$10 million to help DOT “develop performance goals and establish guidelines for states and localities on project evaluation.”

The document also proposes helping states and localities develop guidelines for projects that promote livability, which could mean tying transportation to business and housing development or integrating more walking and biking paths.

Some groups, including the American Association of Highway and Transportation Officials, say that keeping the Highway Trust Fund solvent should be the sole focus of a temporary extension.

“Reforms are not appropriate to be considered as part of legislation to provide interim funding to stabilize the Highway Trust Fund,” the group said in a statement. “Major shifts in transportation policy should be considered in the comprehensive legislation currently under development in the House and Senate authorizing committees and not in legislative measures to provide interim funding.”

It appears the Senate will take the lead on the 18-month extension, which House Transportation and Infrastructure Committee Chairman [James L. Oberstar](#), D-Minn., wants no part of. He is pressing ahead with a \$500 billion, six-year reauthorization bill that was approved in a House subcommittee on June 24.

Oberstar's office would not comment further on the administration's proposal, but confirmed that it had received it.

Senate Environment and Public Works Committee Chairwoman [Barbara Boxer](#), D-Calif., said last week that her panel will hold a markup on the 18-month bill in July.

“I think that’s an intelligent number of months to give the certainty to our people at home and give us enough time to really reform the way we do transportation,” Boxer said. “We intend to do this job.”

Richard Rubin contributed to this story.

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Dick Morris, political consultant, Fox News commentator