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Transportation Officials Propose $545 Billion in Highway Spending

By Colby Itkowitz, CQ Staff

HARTFORD, Conn. — Transportation officials representing all 50 states adopted Monday a $545 billion proposal for next ye surface transportation reauthorization bill, which would almost double the $286 billion authorized in the 2005 highway law.

The proposal before the American Association of State and Highway Officials would include a strict cap on congressional earmarks and would fund new spending with a mix of fuel tax increases, bonds, and levies on shipping containers, car sales miles driven.

The plan would let lawmakers earmark only 5 percent of all spending, a sharp reduction from the last five-year highway law 109-59), which allowed members of Congress to earmark 18 percent of the total cost. Critics pointed to such earmarks in th as Alaska's "bridge to nowhere" as symbols of government waste and abuse.

"We thought the last bill gave us a black eye with this bridge to nowhere," said Executive Director John Horsley. He said the group is determined to present Congress with a recommendation that stresses the "need for reform."

Like the federally mandated National Revenue and Study Commission, which issued its recommendations in January, Horsl group wants to give states flexibility to decide what projects need funding. The structure of the next bill, the proposal says, s focus on six key highway programs, boosting spending annually over six years:

• Preservation and renewal, at $28.4 billion in fiscal 2010, would consolidate the interstate, national highway system and bri programs.

• Freight, funded in fiscal 2010 with $3 billion from the Highway Trust Fund and $3.4 billion from a new freight fund, would h states increase capacity for trucking by fixing bottlenecks, developing truck lands and improving access to ports and distribu centers.

• Highway safety improvement, which would double in funding to $2.6 billion in fiscal 2010.

• Operation and management, at $3 billion in fiscal 2010, would fund improvements to system performance and emergency response, including signalling and new technologies.

• Congestion reduction, at $11 billion in fiscal 2010, would aim to increase mobility in areas with high traffic congestion. The funds would be distributed based on population.

• Environment, which would receive a funding boost to $3.4 billion in fiscal 2010 from $1.7 billion this year, would spend at le 50 percent of the money on air quality initiatives.

The proposal also includes an annual $150 million investment in research and development.

AASHTO calls on Congress to create a national rail policy with $5 billion annually for a federal intercity passenger rail grant program.

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In all, the proposal calls for, over six years, $375 billion for highways, $93 billion for transit, $42 billion for freight and $34.5 b for intercity passenger rail.

"If we're going to expect Congress to make the tough choice, there is no elected official that wants to raise taxes, they are g to have to have a clear understanding of what they get in exchange," Pete Rahn, director of the Missouri State Department

Transportation. “We can’t say to the members of Congress with a straight face that we want to do the same as we’ve always done just give us more money.”

The big challenge is how to raise the money to pay for the ambitious new spending priorities. The federal highway system h depended on gasoline taxes for more than 50 years, but growing use of alternative fuels, energy-efficient vehicles and mass transit have made the revenue source less reliable.

During the board meeting, ASSHTO agreed to add language to the proposal stressing that any dependence on the gasoline is for the short term until “more sustainable sources are found for the long term.”

Jack Basso, the association’s business manager, warned that retaining the current revenue model would force a 50 percent reduction in fiscal 2010 in the $43.2 billion now spent annually on surface transportation programs.

“For 2009, one way or another we’ll limp through this,” Basso said. “It’s 2010 when we don’t have the revenue to sustain any like the program we have today.”

And the only reason states can limp through 2009 is because Congress transferred $8 billion from the general fund into the federal Highway Trust Fund, to stave off what the Bush administration described in September as the fund’s imminent bankruptcy.

The group’s plan to pay for its spending recommendations includes a smorgasbord of funding options that would raise $1.3 trillion if all were enacted. The organization will present the options to Congress, urging lawmakers to pick and choose.

One recommendation is a 1 cent per gallon increase in the gasoline tax, which would raise an estimated $1.8 billion annually recent years, both Congress and the administration have resisted hiking fuel taxes in the face of rising energy costs.

The group also suggests assessing a $10 fee per container on cargo shipped through U.S. ports, to raise an estimated $600 million in fiscal 2010.

Other recommended revenue raisers include a national vehicle sales tax of 1 percent, to raise $9 billion in 2010, and a 1 per sales tax on motor fuels, to raise between $4.7 billion and $7.6 billion annually.

Another revenue suggestion would be to assess an annual fee on the miles a vehicle travels, based on the collection of odometer readings at state inspections. A 1 cent per mile fee would raise $32.4 billion, the group estimates. Charging trucke tax based on the tons of freight carried by mile would generate an estimated $42.8 billion in 2010.

Horsley also advocated tax credit bonds, similar to an idea proposed more than a year ago by Sens. Ron Wyden , D-Ore., a John Thune , R-S.D. Their bill (S 2021) would provide $50 billion in new transportation infrastructure funding through bondin help states and local governments complete significant infrastructure projects.

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