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New Highway Bill Comes Up as Transport Money Dries

America's transportation network is outdated, poorly maintained and poorly suited to the 21st century. The new administration's problem is how to pay for the wide-ranging overhaul that many lawmakers on both sides of the aisle say is needed.

Much of the private capital that could have funded new toll roads or rail lines has dried up. Collections from gasoline taxes, a key source of public funding for roads and bridges, are also shrinking as Americans cut back on driving.

The debate over transportation priorities will come to a head in 2009 when Congress is scheduled to reauthorize its multiyear transportation-spending plan, commonly known as the "highway bill." Already, lobbyists, governors and congressional leaders are forecasting a \$500 billion price tag for the next highway bill.

As president, Mr. Obama will likely face two choices to finance this huge tab: raising the gasoline tax or coming up with an alternative revenue source. The former is regarded as political poison, the latter could depend on Congress's enacting a comprehensive measure to cap carbon-dioxide emissions and auction off rights to emit CO₂.

During the campaign, Mr. Obama looked for advice on transportation issues from Federico Peña, who served as Transportation Secretary under President Clinton, and Mortimer Downey, a former transit official in New York before serving as Deputy Secretary to Mr. Peña. Mr. Obama has repeatedly emphasized the need to invest more in the highway system, but he also argues for a more robust passenger-rail system.

—Christopher Conkey

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