The Senate Environment and Public Works Committee this week heard testimony from a variety of transportation stakeholders, many of whom said they would like to see an increase in the federal gas tax to fund transportation. Meanwhile, despite evidence that 2014 may not be as big a year for state transportation funding as 2013 was, a handful of states moved forward this week with efforts to seek new revenues. I also have this month’s roundup of updates and links to my Top 5 Issues for 2014.

**Issue Number 1:**

**MAP-21 Reauthorization & the Future of the Highway Trust Fund**

- The Senate Environment & Public Works (EPW) Committee met Wednesday for a hearing entitled “MAP-21 Reauthorization: The Economic Importance of Maintaining Federal Investments in our Transportation Infrastructure.” Among those testifying were U.S. Chamber of Commerce President & CEO Thomas Donohue, AFL-CIO President Richard Trumka, AASHTO President & Kentucky Transportation Secretary Mike Hancock, American Road & Transportation Builders Association President & CEO Peter Ruane and National Association of Manufacturers President & CEO Jay Timmons.

- In his prepared remarks, Donohue spoke about the three options available to Congress with regards to the solvency of the Highway Trust Fund and the potential trade-offs of each: cutting transportation programs to levels supported by available revenues (which would require shifting responsibility to states and local communities that would have to raise their own revenues), paying to maintain and increase transportation spending with general funds (not a long-term, sustainable solution), and increasing existing user fees and/or identifying new user-related revenue sources (which presents political and public opinion challenges for members). Donohue reiterated that the Chamber’s preferred revenue option is to increase gas and diesel taxes.

- In his prepared remarks, Hancock expressed concern about the impact of federal funding cuts, which (as I reported last month) could include the zeroing out of the entire program in 2015: “Given the devastating impact that potential delays on federal reimbursements to state DOTs combined with a wholesale elimination of federal surface transportation obligations in FY 2015 can have on economic recovery and construction industry employment, we look forward to assisting you and the rest of your Senate colleagues in finding and implementing a viable set of revenue solutions to the HTF not only for later this year, but also for the long term.”

- In his prepared remarks, Ruane talked about what will happen if the trust fund is allowed to wither and the immediate impact to his industry and appealed to those concerned about facing reelection in such an environment. “Without a $3 billion cash infusion, FHWA and CBO are currently projecting there will come a time in August or September of this year when the FHWA will have to delay reimbursing states for construction work performed on federal-aid highway and bridge projects,” he said. “In states without an adequate cash reserve of their own, the impact will cascade down to contractors, where the disruption in cash flow will affect their ability to make payroll and pay invoices for materials and services. If Congress does not deal with this issue before that
happens, some contractors could be forced to shut down projects and lay off their employees, just before the mid-term election.”

- Politico Morning Transportation reported [11] on an exchange between Donohue and Alabama Sen. Jeff Sessions that seemed to indicate Republicans still need some convincing that a gas tax increase is the best way to go.

- EPW Chair Barbara Boxer said at the hearing her plan is to have the Senate version of the highway bill before the committee in April, according to Politico [11]. Ranking Member David Vitter said the EPW bill will focus on broad policy goals and leave it up to the Senate Finance Committee to come up with a way to pay for the program.

- The Congressional Budget Office said recently that a six-year transportation bill at current funding levels would require $100 billion generated either by additional taxes or general fund transfer, The Washington Post [12] reported [12]. The Transportation for America Blog also looked [13] recently at the CBO’s new projections and the HTF’s deep hole.

- Wisconsin Republican Congressman Tom Petri said this week that an increase in the gas tax “resonates” with a lot of people involved with transportation funding issues, The Hill [14] reported [14].

- The Center for Climate and Energy Solutions recently issued “A Primer on Federal Surface Transportation Reauthorization and the Highway Trust Fund.” [15]

- Kevin DeGood, Director of Infrastructure Policy at The Center for American Progress in Washington released two briefs this week: a MAP-21 Reauthorization Fact Sheet on “Improving Metropolitan Mobility” [16] and another document entitled “Building a 21st Century Infrastructure: How Setting Clear Goals, Establishing Accountability, and Improving Performance Will Produce Lasting and Sustainable Prosperity.” [17] Among his recommendations for the next authorization, he says Congress should “increase mode-neutral shares of funds to provide states and metropolitan regions with greater flexibility.”

- Politico also reported this week [18] that Georgia Congressman Tom Graves has a proposal gaining steam among conservatives that would hand control of highway and transit spending back to the states. The plan would cut federal surface transportation spending from $10 billion a year down to $88 million within five years and lower the federal gas tax to 3.7 cents per gallon. The Atlanta Journal-Constitution [19] also reported [19] on the proposal.

- Tennessee Department of Transportation Commissioner John Schroer was again warning this week about the impact to his budget if the Highway Trust Fund goes belly up, WREG-TV in Memphis reported [20]. Schroer said TDOT’s budget could be short $900 million, putting 400 projects in jeopardy. The state also faces an estimated $8 billion backlog of road projects, he said. You can also read what Schroer had to say on the topic at last month’s Transportation Research Board Annual Meeting in Washington in my recent Capitol Ideas E-Newsletter article [10].

- Idaho transportation officials are also worried about the potential impact. Idaho Transportation Department Deputy Director Scott Stokes told state lawmakers this week the state could lose as much as $100 million a year in federal highway funding, The Spokesman-Review [21] reported [21].

- Meanwhile, our friends to the north in Canada are working on a 10-year plan for infrastructure [22].

**Issue Number Two:**

**The Legacy of MAP-21**

- The Tri-State Transportation Campaign’s Mobilizing the Region blog [23] took a look at how two federal regulations included in MAP-21 that took effect this week could help speed up transportation projects by streamlining the environmental review process under the National Environmental Policy Act.

**Issue Number Three:**
Continuing State Activity on Transportation Revenues

In case you missed it, I have an article in this week’s Capitol Ideas E-Newsletter [2] that summarizes our recent webinar on the “States to Watch in 2014” [24] on transportation funding. As the article indicates, the chances of major transportation revenue packages in some states have diminished in recent weeks. But that doesn’t mean there isn’t any activity going on elsewhere. Some examples:

- **Delaware**: Gov. Jack Markell’s proposal to raise the state gas tax by 10 cents also includes a provision that would automatically trigger future additional increases to keep pace with inflation. The governor highlighted the indexing mechanism during a speech this week, according to The News Journal [25]. Some state legislators and others suggested afterwards that may make it more difficult to pass the gas tax hike.

- **Indiana**: The state department of transportation wants lawmakers to approve an early release of $400 million saved in a special trust fund created last year which they hope to spend on highway projects and avoid some of inflation’s impact on the state’s purchasing power if the state continued to save as planned, the Associated Press reported [26]. Meanwhile, legislation to allow Marion County (Indianapolis) and six surrounding counties to ask voters to approve local tax increases to fund transit was approved by the House Transportation Committee this week, The Indianapolis Star [27] reported [27]. Streetsblog USA had a report on the transit bill [28] as well.

- **Iowa**: The Des Moines Register [29] argues in an editorial [29] this week that a proposed 10-cent gas tax increase would be a much better option for funding road and bridge construction than an alternative proposal to take money out of the state’s savings account (for a one-time cash infusion) and out of the general fund on an ongoing basis.

- **Michigan**: In a new poll, more Michigan residents say they would rather see the state spend a nearly $1 billion budget surplus on roads than provide income tax relief as some lawmakers in Lansing want to do, The Detroit Free Press. [30] reported [30]. Meanwhile, in remarks to a joint meeting of the House and Senate Appropriations committees this week, Gov. Rick Snyder, while recognizing the need for comprehensive transportation funding, recommended a one-time cash infusion from the general fund of $254 million in 2015 to shore up the state’s infrastructure, according to Transportation for Michigan [31]. That’s just a fraction of the $1.3 billion in annual investments the state reportedly needs to maintain and improve its transportation system.

- **Minnesota**: A group of the state’s mayors and other city officials sent a message to state legislators this week that they should invest in transportation this year because it is the key to economic competitiveness for all communities, The Shakopee Valley News. [32] reported [32]. More than 70 Minnesota counties have also adopted resolutions in support of a comprehensive transportation funding package in 2014, The West Central Tribune. [33] reported [33].

- **Nebraska**: Legislation that would allow the state to borrow money for highway projects in order to take advantage of low interest rates appeared to hit a snag this week when state transportation officials either opposed or offered only tepid support for the measure, The Journal Star. [34] reported [34].

- **South Carolina**: Tim Smith of The Greenville News reports [35] that state lawmakers are considering fees for alternative fuel vehicles--$60 annually for hybrids and $120 for electric vehicles.

- **Utah**: The state Senate Revenue and Taxation Committee voted unanimously this week to send legislation to the full Senate that would index the state gas tax to the per gallon price of gasoline, The Salt Lake Tribune. [36] reported [36].

- **2013 States**: Maryland and Virginia, two of the states that approved transportation funding packages last year, both included a component that would tap taxes from internet sales for transportation if Congress ever gets around to approving the Marketplace Fairness Act, which would allow such taxation to occur. This week came word [37] that Utah Congressman Jason Chaffetz is working with the bill’s sponsors on a compromise that could revive the seemingly moribund
legislation. Meanwhile, in Virginia, House Republicans earlier this month introduced legislation aimed at reforming how the state will spend its newfound future transportation revenues by promoting greater use of technology, prioritizing projects to meet taxpayers’ needs and maximizing return on investment, *The Richmond Times-Dispatch* [38] reported [38].

**Issue Number Four:**

**Evolution of Public-Private Partnerships**

- **Colorado:** A plan to privatize toll lanes and maintenance of U.S. 36 between Denver and Boulder as part of a 50-year P3 contract has prompted a campaign in opposition, *FOX 31 Denver reported* [39]. The campaign’s petition can be found here [40].
- **District of Columbia:** The Washington Metropolitan Area Transit Authority (WMATA) has awarded a contract to a private company to light all of its parking garages, which the Greater Greater Washington blog [41] this week called an “innovative contracting approach (that) could help the transit agency save money and improve performance.”
- **Florida:** The state department of transportation this week [42] received four technical proposals in response to its RFP for the I-4 Ultimate Project, a $2 billion public-private partnership concession agreement that includes the reconstruction of 21 miles of I-4 in the Orlando area adding four tolled express lanes.
- **Pennsylvania:** The Keystone State’s plan to replace 500 deficient bridges using a public-private partnership was recently assessed by Charles Chiappeo of *Governing* [43] magazine [43].
  - The Chair of In the Public Interest Donald Cohen had a recent blog post for The Huffington Post entitled “‘Public-Private Partnerships’ Sound Great, But Private Investment Requires Public Accountability.” [44]

**Issue Number Five:**

**Finding Strategies for a Multi-Modal Future**

**Transit**

- **Colorado:** City officials in Aurora have hopes that a light rail line opening in two years will spur commercial, retail and residential development along its 10-mile length, *The Denver Post* [39] reported [39].
- **District of Columbia:** $18 billion in development is expected as the city’s new streetcar line gets up and running, *The Washington Post* [45] reported recently [45].

**Active Transportation**

- *The City Fix recently reported* [46] on the lessons to be learned from the bankruptcy of the Montreal-based company Bixi, which came up with the bike-share system in use in many American cities.
- *Streetsblog USA reported this week* [47] on the strange bedfellows involved in the new Partnership for Active Transportation.
- **Michigan:** *Michigan Live reported* [48] this week on a plan to have voters in Grand Rapids consider an income tax to fund a complete streets program.
- Legislation to create a national complete streets law was recently introduced in the U.S. Senate, *Streetsblog USA reported* [49].

**Ports**

- *Bloomberg reported recently* [50] on the expansion of the Panama Canal and its potential impact for
U.S. ports. But recent developments have also put the project at risk.

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