The federal Highway Trust Fund is expected to run out of money even earlier than expected this summer, according to new data released this week. That’s likely to make it even tougher for Congress to come up with a funding solution in time and it has many in Washington and around the country concerned about what would be an unprecedented situation for state transportation programs. I also have the usual collection of links to items on state activity on transportation revenues, public-private partnerships and tolling, and state multi-modal strategies.

**The Ticker Tells the Tale**

The U.S. Department of Transportation has updated its [Highway Trust Fund Ticker](http://knowledgecenter.csg.org/kc) this week and the news is not good for anyone thinking Congress could take their sweet time this summer coming up with a sustainable funding fix for the rapidly dwindling fund and help states avoid a potentially catastrophic stoppage of transportation projects around the country. According to DOT’s latest update, the trust fund’s Highway Account could encounter a shortfall as early as the end of July, well before the expiration of MAP-21 and the end of the fiscal year at the end of September. The Mass Transit Account is expected to make it through the fiscal year but go broke soon after.

“The surface transportation program continues to outlay at a greater pace than receipts are coming in,” DOT said.

The trust fund balance has dropped by nearly $3.3 billion since a MAP-21-authorized but sequester-adjusted $9.7 billion was transferred from the General Fund after the start of the fiscal year last fall.

The latest estimate moves up the drop-dead deadline for Congress by about two weeks from the previous estimate.

[Fleet Owner magazine](http://knowledgecenter.csg.org/kc) got reaction to the news from a number of transportation experts and stakeholders.

Reagan-era Transportation Secretary James Burnley said he’s never seen a scenario like the one unfolding.

“We’ve had [funding] extensions in the past but the signal from Speaker [John] Boehner [R-OH] is that such an extension won’t happen this time.” Burnley told the magazine. “I attach great significance to that because now it means the funding issues must be dealt with and finished now, in the next few months. On top of that, both parties are not in favor of fuel tax increases. So now we’re in a situation where they’ve all got to come together quickly to approve a different funding approach. In 30 years I’ve never seen a situation like this.”

AASHTO Executive Director Bud Wright agreed that the scenario would be unprecedented and could put states in a very serious bind.
“Two things will happen if the HTF runs out of money,” he told Fleet Owner. “States must pay contractors working on highway projects with their own funds or contractors go unpaid. This is a situation that is extremely rare; we’ve never faced something like this before.”

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

- U.S. Transportation Secretary Anthony Foxx said this week that projects are already being put on hold due to the dwindling Highway Trust Fund. During remarks to members of the American Society of Civil Engineers at the group’s annual Legislative Fly-In in Washington, Foxx said Congress must get off its “extension addiction,” and create a long-term solution to boost the economy and leave a better country to future generations. On a related note, I spoke via telephone to members of ASCE’s State Government Relations committee who were attending the meeting on Thursday about the efforts of states to seek new transportation funding solutions this year. You can read about that in next week’s issue of the Capitol Ideas E-Newsletter.

- **Arkansas:** State highway officials have delayed the April bidding process because of the uncertainty about the trust fund, according to a recent column by Jonesboro Sun editor emeritus Roy Ockert. The state has also delayed work on 10 projects around the state that are worth about $60 million, the AASHTO Journal reported. Jonesboro Mayor Harold Perrin recently told a reporter that if projects were bid and the Federal Highway Administration didn’t provide reimbursement because Congress hasn’t approved a funding solution, the state Highway & Transportation Department could be down to $6 million to operate statewide for the remainder of the year.

- **Colorado:** Center for American Progress Director of Infrastructure Policy Kevin DeGood writes in a recent guest commentary for The Denver Post about the potential impact for Colorado if Congress fails to act on a trust fund fix: “Colorado will lose $200 million in federal transportation funds next year with more losses in the future, possibly costing the state more than 2,500 heavy construction and related jobs. A rapid drop in federal support will eliminate many needed projects, virtually guaranteeing additional roadway congestion, fewer transportation options, and a more dysfunctional system that pushes businesses out of state.” DeGood argues for implementation of a mileage-based user fee to fund transportation programs, which he calls the “most promising, efficient and fair alternative” to the gas tax.

Legacy of MAP-21

- David Goldberg of Transportation for America argues in a blog post this week that the U.S. Department of Transportation’s first proposed performance measure under MAP-21 is “too weak to be useful as a standard for accountability.” DOT’s draft rule would require states to set their own targets for reducing fatalities and injuries on public roadways. But Goldberg writes that the rule if finalized as proposed “would allow the states that fail to meet the targets they set for themselves to avoid taking action to improve their outcomes.”

- U.S. Rep. Richard Hanna has introduced legislation to reauthorize a program that allowed states to establish infrastructure banks using existing federal transportation dollars, The Little Falls Times reported. The program was first established in 2005 but it expired in 2009 and was not reauthorized under MAP-21.

State Activity on Transportation Revenues

- **Delaware:** Gov. Jack Markell this week touted the job creation potential of his proposed transportation infrastructure improvement plan that includes a combination of borrowing and raising the gas tax by 10 cents, WDDE-FM reported.

- **Georgia:** Georgia Department of Transportation Commissioner Keith Golden said recently his agency relies too heavily on federal money and that depending on that money isn’t a sustainable plan because there is too much red tape involved in getting it, The Marietta Daily Journal reported.
Golden said the choice state lawmakers have is either to raise the gas tax or spend only the money being collected, which would mean a big hit to his department. He said he believes Atlanta-area voters are beginning to have remorse about rejecting a local option sales tax for transportation in 2012 because they are watching the 46 counties that passed the tax begin to grow now.

- **Idaho**: Gov. Butch Otter signed legislation this week that will direct cigarette tax receipts now being used to pay off bonds on the state Capitol renovation go instead to road work and water projects next year when the bonds are paid off, *The Spokesman-Review* reported.

- **Indiana**: Lawmakers recently approved a bill that will allow the state department of transportation to contract with a third party to spend up to two years studying funding alternatives to maintain the state’s highway system, *Go By Truck Global News* noted this month.

- **Iowa**: House Transportation Committee Chairman Josh Byrnes said this week he still sees a chance for a gas tax increase this year, *The Quad City Times* reported. The Iowa legislature is scheduled to adjourn April 22.

- **Michigan**: Republican Sen. Rick Jones is proposing increasing the state sales tax from 6 percent to 7 percent to help raise more than $1 billion the state needs to fix roads, according to WILX-TV. Jones will seek additional support for the idea before formally introducing legislation. If approved by the legislature, the tax increase would go before voters in November.

- **Minnesota**: House Transportation Committee Chairman Frank Hornstein (a veteran of our 2013 Transportation Policy Academy in Washington, DC) and his Senate counterpart Scott Dibble have introduced a measure that would generate $360 million annually for roads and bridges through a new 5 percent sales tax on motor fuel at the wholesale level and another $335 million for transit through an additional three-quarter cent sales tax in the Twin Cities region. But, as MINNPOST reported recently, they acknowledge that the proposal faces an uphill climb this year with a lack of support from Gov. Mark Dayton, many legislators on both sides of the aisle, and the Minnesota Chamber of Commerce, which provided essential support the last time taxes were raised for transportation in the state.

- **Mississippi**: New transportation funding already off the table for this year could have to wait until 2016 since the Mississippi Economic Council plans to take the rest of 2014 and 2015 to study solutions to the state’s funding shortfall, Jeff Amy of the Associated Press reported last month. That prompted House Transportation Committee Chairman Robert Johnson III to lament what he called a “culture of doing nothing” in Jackson. Johnson and Senate Transportation Committee Chairman Willie Simmons both said putting off action for years will only mean more infrastructure decay and more expensive repairs down the road. Gov. Phil Bryant and Lt. Gov. Tate Reeves have explicitly ruled out a fuel tax increase and other money-raising proposals went nowhere in the 2014 session.

- **New Hampshire**: Legislation to increase the state’s gas tax by 4 cents in 2015 cleared another Senate committee this week, *The Concord Monitor* reported. The Senate Finance Committee tacked on an amendment that designates exactly where the expected $32 million in increased revenues will go next year ($12 million for road rehab—distributed equally among the state’s six highway districts, $13.2 million for resurfacing programs, and the rest for state bridges). The committee also included a provision to allow for repeal of the increase once a bond for the widening of Interstate 93 is paid off in about 20 years.

- **New Jersey**: State Sen. Raymond Lesniak (D) this week proposed an increase in the state gas tax to be phased-in over a three year period, *NJBIZ* reported. Lesniak said an annual 5-cent increase in the gas tax over three years would generate $250 million in new revenue that could be used for transportation projects.

- **North Dakota**: Upper Great Plains Transportation Institute Director Denver Tolliver spoke this week about the institute’s soon-to-start, state legislature-approved study that will examine where and how transportation dollars should be spent in the future on the state’s roadways, *Forum News Service* reported. “The oil and gas industry, in some of the counties we’re looking at, have asked if we should not do a broader analysis of some of the more heavily impacted areas right now,”
Tolliver said, “They’d like us to look, not necessarily at where the traffic is going, but where the traffic should be going.” Tolliver said the study will examine the feasibility of an “energy collection road system” in the area around the Bakken oil field with an eye toward alleviating congestion.

- The American Road & Transportation Builders Association has created a new education program and website called the “Transportation Investment Advocacy Center” [23] to help legislators, organizations, businesses and citizens increase transportation funding through the legislative and ballot initiative processes by sharing successful case studies and other resources. The website features 39 detailed case studies from 28 states, an overview of funding and financing mechanisms, and campaign resources including an archive of TV, radio and print ads.

### Public-Private Partnerships & Tolling

- **Indiana**: The Louisville-Southern Indiana Ohio River Bridges Project is expected to generate nearly $87 billion in economic impact and create more than 15,000 jobs over a 30-year period, according to the latest economic impact study [24] from the Indiana Finance Authority. The study takes into account the impact of tolls on the bridges. Construction on the $2.58 billion project, which includes two new bridges and the highways to connect them, is expected to be completed in 2016. I wrote about the project’s current and potential economic impact for the region last year in an article for the Kentucky business magazine The Lane Report. [25]

- **Virginia**: State officials announced recently that a new, $1.4 billion, tolled highway between Suffolk and Petersburg may not be built after all, The Virginian-Pilot reported [26]. Nearly $300 million has already been spent on the project. But the change in gubernatorial administrations and ongoing concerns about the potential destruction of hundreds of acres of wetlands for the project brought on the change of heart. The state may now look to expand and improve the existing U.S. 460 instead.

    Those who want to read more about transportation P3s may want to check out a new online library of research and resources on the topic. The Center for Transportation Public-Private Partnership Policy [27] at George Mason University has launched [28] a 250-document web page, which they say will eventually include a searchable database and online reading room. It can be found here [29].

### State Multi-Modal Strategies

#### Transit

- **Florida**: Gov. Rick Scott’s plan for an expressway linking U.S. 19 and Interstate 275 in Pinellas County could conflict with a proposed light rail route, The Tampa Bay Times reported. [30]

- **Illinois**: A state task force appears likely to recommend merging the state’s transit agencies, The Daily Herald reported [31].

- **Louisiana**: The latest estimated cost of a passenger rail line linking Baton Rouge and New Orleans was less than expected, The Advocate reported [32].

- **Maryland**: MTA officials now have a Record of Decision in hand from the Federal Transit Administration for the Purple Line project, a 16-mile light rail line between Bethesda and New Carrollton, Greater Greater Washington reported [33]. The ROD was one of the last approvals needed to start work on the project. State funding is in place and the search is ongoing for a private partner on the project, which is expected to break ground next year and open in 2020. But The Washington Post reported recently [34] on how controversy surrounding an affiliate of one of the project’s private bidders and proposed legislation in the Maryland General Assembly could complicate getting the needed $900 federal grant for the project.

- **Texas**: Republicans want a May 27 vote on whether the San Antonio streetcar should move forward, Mass Transit reported [35].

- **Utah**: Legislators have passed a bill allowing the Utah Transit Authority to become more involved in real estate development, which has proven controversial in the past, The Salt Lake Tribune said [36].

- **Virginia**: DC-area media reported [37] this week that major problems are slowing construction of the
Silver Line, a 23-mile subway line between Tysons Corner and Wiehle Avenue in Fairfax County. Meanwhile, Virginia Beach Mayor Will Sessoms said recently that Gov. Terry McAuliffe and Transportation Secretary Aubrey Lane have committed to help bring light rail to his community, The Virginian-Pilot reported.

- Three urban planning professors argue in a Washington Post op-ed this week that the numbers in this month’s American Public Transportation Association report reporting an “all-time high” for transit ridership last year are “deceptive.” They warn that “misguided optimism about transit’s resurgence helps neither transit users nor the larger traveling public.”
- Moody’s credit rating service is bullish in their outlook for the U.S. transit sector, Streetsblog USA reported this week.

Active Transport

- **California**: City officials in Los Angeles have recommended a half-cent sales tax hike to generate $3.86 billion for road repairs and $640 million for broken and buckled sidewalks, The Los Angeles Times reported.
- **Tennessee**: City officials are hoping to use the 2005 revamp of the Riverfront Parkway in Chattanooga as an example of the multi-modal, complete streets approach they take to new construction projects throughout the city, Nooga.com reported.
- **Texas**: The Texas Tribune this week looked at walkability initiatives in some major Texas cities often known more for their sprawl. Also, The Atlantic Cities blog looked at how pedestrians might be better protected at events like the South By Southwest music festival in Austin, where three people were killed by a drunk driver last week.
- **Urbanland looked recently** at a number of legislative proposals in Congress that could have an impact on walking and biking.

Ports

- **Georgia**: Gov. Nathan Deal gave a positive report this week on the Savannah Harbor Expansion Project and the future of the state’s deep water ports overall, The Savannah Morning News reported. The state legislature recently passed a budget with the remainder of the state’s share for the deepening project and Deal expects Congress to release federal funds for it soon.
- **Washington**: The outgoing CEO of the Port of Seattle Tay Yoshitani said this week the state’s two ports and terminal operators need to cooperate and partner in order to protect, defend and grow business. He pointed to the mergers of the ports of New York and New Jersey and three ports in Virginia as examples to follow. The consolidated Port Metro Vancouver has emerged as a major competitor with Washington ports.

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Planning Sprawl

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