Two U.S. Senators offered a bipartisan plan this week to raise the federal gas tax by 12 cents a gallon over the next two years and then index the tax to inflation. Also, Rhode Island lawmakers passed a budget that got rid of a bridge toll but also increased and indexed the state gas tax and created a new transportation fund. I also have the usual roundup of news and links on MAP-21 reauthorization, the future of the Highway Trust Fund, state activity on transportation revenues, public-private partnerships and tolling, and state multi-modal activities.

Senators Propose Federal Gas Tax Increase

Sens. Chris Murphy (D-Connecticut) and Bob Corker (R-Tennessee) offered a bipartisan proposal Wednesday to raise the 18.4 cents-a-gallon gas tax and the 24.4 cents-a-gallon diesel tax each by 12 cents over the next two years in two 6-cent increments, and then index the taxes to keep pace with inflation, the Associated Press reported.

The tax increases would be offset with tax cuts elsewhere, including perhaps by permanently extending six of 50 federal tax breaks that expired this year. They would also bring in exactly the $18 billion needed annually to fund the Senate Environment and Public Works Committee's proposed six-year transportation bill, Tanya Snyder of Streetsblog USA noted.

“I know raising the gas tax isn't an easy choice, but we're not elected to make easy decisions,” said Murphy. “This modest increase will pay dividends in the long run and I encourage my colleagues to get behind this bipartisan proposal.”

“Congress should be embarrassed that it has played chicken with the Highway Trust Fund and allowed it to become one of the largest budgeting failures in the federal government,” Corker said. “If Americans feel that having modern roads and bridges is important, then Congress should have the courage to pay for it.”

Transportation industry and advocacy groups, which have been anxiously watching Capitol Hill for a bipartisan, long-term solvency solution for the federal Highway Trust Fund to emerge, had mostly praise for the plan:

- AAA Auto Club President Bob Darblenet called the plan “commonsense and fiscally responsible” in a statement.
- Transportation for America Director James Corless offered this: “Proposed short-term patches using accounting gimmicks have been all but shot down in both houses. Senators Murphy and Corker are showing real leadership – as well as concern for their constituents' jobs and safety – by championing a long-term solution that recognizes the gravity of the situation and addresses it head-on. A return to stable funding will ensure that our states and communities can repair aging roads, bridges and transit systems and build the infrastructure we need for a growing economy.”
- Janet Kavinoky, Executive Director of Transportation and Infrastructure at the U.S. Chamber of Commerce said she welcomed the proposal and called for a "constructive conversation in finding
a way to fund the investment necessary for our highways, highway safety, and public transportation. A well-designed, modern infrastructure enables the business activity that leads to economic growth, which is exactly why predictable, sustainable, growing sources of revenue are needed to support the federal Highway Trust Fund."

- **Associated General Contractors CEO Stephen Sandherr [7]**: “This proposal provides the kind of long-term funding solutions that virtually every independent, bipartisan commission has said are needed to repair and upgrade our aging transportation network.”

- **American Trucking Associations President and CEO Bill Graves [8]**: “We have long said that the fuel tax is the fairest, most efficient way to fund our nation’s infrastructure and this practical, bipartisan proposal put forward by Senators Murphy and Corker would put the Highway Trust Fund on the path to solvency and provide the revenues we need to maintain a 21st Century transportation network.”

- **American Road and Transportation Builders Association CEO Pete Ruane said in a statement [9]** his organization “welcomes the commonsense, fiscally-sound and bipartisan proposal from Senators Murphy and Corker to provide a long-term sustainable funding solution to fix the Highway Trust Fund.

- Tolling opponents praised the proposal. “The fuel tax is far less costly to drivers and wastes far less money than toll collection,” said Alliance for Toll-Free Interstates spokesman Miles Morin, *The Hill reported*, [10] “Raising the fuel tax has been considered off-limits in Washington due to its perceived unpopularity. That legislators would propose raising the fuel tax, a move that has been perceived to be impossibly unpopular, rather than try to toll existing interstates, reinforces the fact that tolling existing interstates is terrible public policy and totally unviable for states to implement.”

- Even tolling advocates like the plan. International, Bridge, Tunnel and Turnpike Association Executive Director Patrick Jones called it a “gutsy proposal” in *his statement* [11]. He goes on to point out that “In the long term, however, the fuel tax is not a sustainable source of funding for highway infrastructure.” Jones expresses support for the Obama Administration’s proposal to eliminate the prohibition of tolling on existing interstate highways. “Tolling is a proven, effective tool that already funds and finances more than 5,000 miles of roads, bridges and tunnels in 35 states,” said Jones. “It will take a mix of funding solutions to keep our roads and bridges safe and reliable. All options should be on the table so that states can choose the funding methods that work best for them.”

Conservative groups like Americans for Tax Reform and Club for Growth expressed opposition to the proposal. *MSNBC had more this week* [12] on where opposition is likely to come from, what Corker’s support means and the tax break trade-offs that may prove a difficult sell for some. The Transportation for America blog *has a roundup* [13] of additional news coverage of the proposal.

**Rhode Island Budget Nixes Bridge Tolls, Includes Gas Tax and Transportation Fund Provisions**

Legislators in Rhode Island approved an $8.7 billion state budget that includes provisions to eliminate tolls on the Sakonnet River Bridge connecting Portsmouth and Tiverton and creating a new transportation infrastructure fund for road and bridge work, *Land Line magazine* [14] and *The Providence Journal* [15] reported.

Toll revenues will be replaced by a 1-cent fuel tax increase that will be imposed starting July 1, 2015 and which is estimated to raise $4 million more annually. The tax will also be adjusted every two years based on the rate of inflation.

The new road and bridge fund will be supported by higher vehicle inspection fees that start July 1, which are expected to raise $4.8 million annually. The budget also shifts $16.4 million from inspection sticker fees, motor vehicle title fees and rental car surcharges that now go into the state’s general fund to the new transportation fund.
MAP-21 Reauthorization & the Future of the Highway Trust Fund

- The U.S. Department of Transportation updated its Highway Trust Fund Ticker this week. As of May 30, the HTF’s Highway Account had a cash balance of $8.1 billion. The Mass Transit Account had a cash balance of $2.8 billion. The trust fund is still projected to run out of money by late August, well before the end of the fiscal year and the expiration of MAP-21.
- Senate Majority Leader Harry Reid’s plan to give multinational corporations a tax holiday on trillions of dollars in profits stashed overseas to boost the economy and help fill the hole in the trust fund hasn’t received much support, Politico reported last week. The New York Times editorial board didn’t much care for the plan either.
- House Speaker John Boehner said this week his chamber would likely only support a highway bill that would provide a nine to 12 month stopgap to ensure highway projects can continue, The Hill reported.
- The Senate Finance Committee meanwhile is said to be weighing a plan for a six-month infusion of cash into the trust fund, Bloomberg reported.
- House Democrats are set to propose legislation that would attach continued funding for the trust fund to a proposal to raise $20 billion by restricting U.S. multinational corporations from lowering their taxes by moving their headquarters abroad, The Washington Post reported.
- USA Today expressed support for a gas tax increase in an editorial this week. Offering an opposing view was Emily Goff of the Heritage Foundation, who took part in our webinar a few weeks ago.
- Goff was also among the guests on a recent radio program hosted by Boston NPR station WBUR on “Gas Taxes, Road Repair and the U.S. Infrastructure Crisis.” Also on the program: Robert Puentes of Brookings, Oregon Congressman Peter DeFazio and Rhode Island DOT Director Michael Lewis.
- National Journal’s Transportation Insiders blog asks the question “How Should States Prepare for a Shortfall?”
- The American Road and Transportation Builders Association is the main force behind Transportation Makes America Work, a new campaign and website aimed at providing members of Congress and others information to defend support for a gas tax increase. The site includes a variety of pertinent facts in the form of colorful infographics.
- The Transportation for America blog has a closer look at DeFazio’s proposal to replace the gas tax with an oil fee that I mentioned in last week’s post.
- Meanwhile, it looks like the idea floated a few weeks ago to fund transportation by eliminating Saturday postal delivery is officially dead in the wake of Rep. Eric Cantor’s primary loss, Bloomberg Government reported.
- The Committee for a Responsible Federal Budget issued a report this week looking at short- and long-term options for rescuing the trust fund. The committee believes the best option is to address the structural imbalance in the fund. An acceptable option would be to offset general revenue transfers. But deficit-finance highway spending would be an unacceptable option, the report said. Elsewhere, the committee said the Murphy-Corker plan offers “a responsible solution for highways and an irresponsible one for tax extenders.”
- The Washington Post’s Wonkbook took a look at the transportation funding crisis this week with plenty of links to other worthwhile reading to get you up to speed.
- The Highway Trust Fund was also the topic of a column this week by New York Times op-ed columnist Gail Collins.
- Georgia: The state has issued $130 million in new bonds to pay for highway projects that were supposed to get federal funding, Atlanta NPR station WABE-FM reported. “We don’t need to have a period of three months or two months in which we’re not able to let contracts for highway construction because that’s in the heart of our construction season, and we need to keep it ongoing,” said Gov. Nathan Deal.
- Iowa: The Quad City Times examines what’s at stake for the state if Congress fails to act to
resolve the trust fund crisis and enact a new authorization bill.

- **Mississippi:** And Sid Salter of Gulf Live.com looks at the impact of depletion of the trust fund for the Magnolia State.

- **Nevada:** The Las Vegas Sun reported recently that federal uncertainty appears to be doom the West’s dream transportation project, Interstate 11, which would link Las Vegas to Phoenix and eventually stretch from Mexico to Canada.

### Legacy of MAP-21

- Some mayors and county officials want Congress to revisit changes made under MAP-21 in how federal transportation funding is divvied up, Dan Vock of Governing reported recently. Under the two-year authorization bill, Congress cut money available for local roads and gave local leaders less say in deciding how federal dollars should be spent by giving more decision-making authority to states.

### State Activity on Transportation Revenues

- **California:** Business leaders in Santa Clara County say they will postpone until 2016 a push for a new transportation sales tax that would fund transit in downtown San Jose, expand Caltrain service, fill potholes and widen roads, The San Jose Mercury News reported.

- **Florida:** But voters in Alachua County, Florida will get a chance to vote on a transportation sales tax referendum on the November ballot, The Gainesville Sun noted. The proposed eight-year, 1-cent sales tax would be used to fund various road repairs and transit improvements.

- **Iowa:** State Sen. Jack Hatch, the Democratic Party’s candidate for governor, said recently he would support a phased-in, 10-cent increase in the state gas tax, Radio Iowa reported. Republican Gov. Terry Branstad has said if legislators were to pass a bill to raise the gas tax, he’d sign it into law. The state hasn’t raised the tax since 1989.

- **Michigan:** Legislators are facing a barrage of criticism after adjourning for the summer without passing a road funding package, The Macomb Daily reported.

- **Missouri:** The sales tax increase for transportation that will be on the ballot in the state’s August primary is creating some strange political bedfellows, The Kansas City Star reported recently. Also, the Missouri Secretary of State recently approved the ballot language for the tax increase, the Transportation Investment Advocacy Center noted.

### Public-Private Partnerships & Tolling

- **Connecticut:** The state DOT is considering electronic tolling to reduce highway congestion in the state, the Associated Press reported recently.

- **Florida:** The Orlando Sentinel took a look recently at the complexity of the I-4 Ultimate Project, which is expected to be the largest public works project in Central Florida history. Swedish construction firm Skanska will lead a consortium to build the project at an expected cost of $2.3 billion.

- **Kentucky:** A Cincinnati Enquirer columnist looks at how opposition to tolling in Northern Kentucky and the state’s lack of P3 authorizing legislation are holding up construction of a new Brent Spence Bridge. U.S. Sen. Mitch McConnell and his Democratic opponent Alison Lundergan Grimes offered dueling alternate plans to pay for the bridge this week, the newspaper noted elsewhere.

- **Massachusetts:** The Boston Globe had a piece this week on the transition to all-electronic tolling on the Mass. Turnpike.

- **Texas:** The Texas Central Railway is looking to build a Houston-to-Dallas high-speed rail line similar to one in Japan with private money, The Atlantic City Lab reported recently.

- The U.S. House Transportation and Infrastructure Committee’s Public-Private Partnerships Panel
hosted a roundtable policy discussion in New York this week to look at ways the financial community can invest in infrastructure using P3s. You can watch the discussion here. Roll Call also reported on the event in a piece entitled “Indiana Toll Road Remains Contentious Infrastructure Financing Case.”

- The World Bank issued a policy research working paper last month entitled “Urban Transport: Can Public-Private Partnerships Work?” The paper examines the capabilities of P3s for funding transportation projects, what’s required for P3s to work and pitfalls to avoid.
- Supply Chain Brain had a piece recently that laid out the arguments for and against tolling.
- Joseph Fichthorn of the Reason Foundation had a post recently looking at how federal transportation policy may be jeopardizing state transportation initiatives in the area of P3s.

**State Multi-Modal Strategies**

- **Texas:** The new Executive Director of the Texas Department of Transportation Joe Weber is calling for a change in thinking at the agency, Community Impact newspaper reported recently. Specifically, he says a multi-modal approach is needed to help the state address its needs and meet the demands of an ever-burgeoning population.
- Wired magazine’s Science blog explains why building bigger roads actually makes traffic worse in a recent post.

**Ports/Shipping**

- Shippers and port officials in the United States are trying to assess what China’s rejection of an alliance of the three largest container ship lines will mean for their industry, The Journal of Commerce reported this week.
- **Connecticut:** Gov. Dannel Malloy has signed legislation to form the Connecticut Port Authority, a quasi-public agency to market and coordinate development of the state’s deep-water ports in New London, New Haven and Bridgeport, Progressive Railroading reported.

**Transit**

- **Florida:** The Atlantic City Lab ponders whether new passenger rail service between Miami and Orlando set to begin in 2016 can be a model for the nation.
- **Michigan:** A planned 3.3 mile, $137 million streetcar project in Detroit is facing a $12 million funding shortfall and members of the state’s Congressional delegation warned recently in a letter to Foxx the project could be in jeopardy unless the U.S. Department of Transportation approves a supplemental TIGER grant, The Detroit News reported. The project previously received $25 million from a TIGER grant in January 2013.
- **Minnesota:** Local and state officials attended a ribbon cutting last weekend for the recently completed Central Corridor light rail line linking the Twin Cities of Minneapolis and St. Paul (now known as the METRO Green Line), The Star Tribune noted. The project is 30 years in the making and used $957 million of public money. Peter Rogoff, U.S. Under Secretary for Policy at USDOT (and formerly FTA Administrator) called the project an “engine of economic development” in a blog post this week. MINNPOST had more recently on the cultural and community impact of the project.

- **Virginia:** A battle appears to be brewing over two streetcar projects in Arlington County that could come to a head in the November election, The Washington Post reported.
- **Wisconsin:** Transit advocates in Milwaukee want to stop a widening of I-94 that state transportation officials say would manage congestion but that opponents say would save the average commuter just four minutes, cost the state billions, and require widening again in 25 years, Streetsblog USA reported.
High-Speed Rail

- **California:** *The Atlantic City Lab had more this week* [68] on the budget deal that will give the state’s high-speed rail project the funding it needs to continue by tapping cap-and-trade revenues and why the project may still have challenges ahead.

Active Transport

- A new report entitled “Foot Traffic Ahead” [69] looks at the walkability of America’s urban areas. It comes from LOCUS: Responsible Real Estate Developers and Investors, a coalition of Smart Growth America, and The George Washington University’s Center for Real Estate & Urban Analysis. The top 10 metro areas with the most potential for walkable development according to the report include: Boston, Washington, New York, Miami, Atlanta, Seattle, San Francisco, Detroit, Denver and Tampa. Perhaps not coincidentally, many of those cities also show up on a list of the “Worst Cities for Car Drivers” [70] put out by the website Nerdwallet.com.

- Ben Adler of Grist takes a look at “Why liberals like walkability more than conservatives” [71] in a recent piece.

By:
Saturday, June 21, 2014 at 06:35 PM
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