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More bumps ahead for transport bill

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As Congress starts back down the road on hammering out a transportation bill, expect more nail-biting extension deadlines, delayed projects for states and partisan spats. The reason is simple: money.

With gas tax revenues falling, there just isn't enough money to go around for federal transportation programs. The simplest solution would be to raise the gas tax, but that's politically poisonous. Still, the pressure from states and outside groups to finish a bill has politicians upping the rhetoric and reaching for some unorthodox and ultimately temporary solutions.

"We've just been caught up partially in election-year politics and partially in this whole battle that seems to trump and override our issue, which is the budget battle," said Pete Ruane, president and CEO of the American Road & Transportation Builders Association. "That's not going to go away; you could call that the new normal. That's going to be part of this debate every single time until they finally make some tough decisions about how to fund these programs."

Before Congress left for a two-week recess, the two parties brawled right up to the point of no return about whether to extend transportation programs that were otherwise set to expire last weekend. Democrats wanted House Republicans to just take up the Senate's two-year, \$109 billion transportation bill, but the House wanted more time to put together its own longer-term bill.

In the end, Congress did what was expected and extended programs for three months, but not before a bruising fight of unprecedented length and volume over something typically considered a routine matter. It's not unusual for a transportation bill to need many extensions before lawmakers can strike a final deal, but there's rarely been a case when an extension has generated so much angst.

Now the clock is again ticking, and Rep. Peter DeFazio (D-Ore.) said there's so far been no serious attempt to include Democrats in the House discussion. Rather, Republicans have been fighting among themselves in an attempt to find a way to pass the bill with only party votes. Some lawmakers want to get the federal government out of the business of transportation funding completely, shifting responsibility to the states.

Ed Wytkind, president of the Transportation Trades Department of the AFL-CIO, said the gas tax shortfall has been years in the making.

"We're running a 2012 transportation system on a 1993 budget. That's the problem. It's the point that neither party wants to talk about right now in an election year," Wytkind said, "but at some point, there's going to have to be a courageous bipartisan agreement reached."

Ruane said the transportation bill has become a victim of the ongoing ideological battle over spending policy.

“This is all about raising revenues,” he said. “Because that’s the real central issue in these debates; it’s going to get political and stay political.”

Every transportation policymaker understands the potential long-term solutions to these near-term problems, but few have the guts to push them forward because they involve difficult choices about how to raise more money for federal transportation programs.

The underlying problem remains that the Highway Trust Fund, the place where gas tax revenues are deposited, does not have enough money in it to adequately fund the country’s transportation needs.

Raising the gas tax — which has remained static since the last time it was raised in 1993 — is something politicians won’t touch, especially in an election year. And the other widely discussed solution, switching to a system that would charge people based on how many miles they’ve driven, has technological and ideological challenges.

Some fiscal conservatives, backed by groups such as The Heritage Foundation, have suggested that the government should just “devolve” the program back to the states. But Ruane said that is a nonstarter.

“Do you realize what the states would have to do themselves? They’d all have to raise their own taxes, ... anywhere from 20 cents up to a dollar,” he said. “It sounds good, but it’s naive politically and they haven’t done their homework.”

Shortfalls in the Highway Trust Fund are the reason why the Senate has put forward a two-year bill instead of a more typical five- or six-year bill; the longer the bill runs, the more revenues lawmakers have to come up with from other places to plug the revenue gap.

Politically speaking, it’s easier to come up with less money in a single shot, which could mean shorter and shorter transportation bills until a solution is found to the money problem.

Jack Basso, director of program finance and management at the American Association of State Highway and Transportation Officials, said shorter bills are certainly a possible outcome, though he noted that in past decades, transportation bills ran two years because of the way cost estimates worked.

“It’s not like God came down from Mount Sinai and ordered that — it’s become a practice and it’s certainly good if we can do that,” Basso said.

But he noted that even the Senate’s two-year bill hasn’t been a panacea.

“Even if you have a two-year bill, if you don’t have any money in the trust fund, you have the same problem,” Basso said. “What I hope comes out of all of this is we get through what we’re in now, and then it becomes clear that the money fix has to be found because you can see how much angst is going on right now.”

Ruane said a long-term solution needs to be done in a bipartisan fashion — and likely spearheaded by the administration — regardless of who is in power.

“It’s got to start there, and then it has to be a bipartisan approach ... or it’ll be reduced to the kind of chaos and political sniping and rhetoric that we have right now,” he added.

Ruane also suggested that whatever proposal the administration puts forward must be comprehensive, “not just principles and raw ideas and concepts.”

He was hinting at the way the Obama administration has handled transportation policy to date. Early on, transportation watchers felt the administration was disengaged. When Democrats held the House, the administration’s only substantial transportation policy proposal was to ask for an 18-month extension to give them time to work out their positions.

And the administration has never submitted a formal transportation reauthorization to Congress — a first in recent memory. Instead, the administration has included the skeleton of a reauthorization proposal as part of its annual budget submission, which until this year had no identified pay-fors.

Congress has now bought itself until just before the July 4 recess to come up with a final agreement on a transportation bill — or enact another extension. But whatever path lawmakers choose to take, the uncertainty over extensions right in the middle of construction season is already causing states to delay projects.

DeFazio said data show that the average state is losing 3,000 to 4,000 construction jobs due to delayed projects.

In any case, Ruane said voters aren’t the only people who are watching how lawmakers proceed.

“The inertia has cost and the Congress is going to be held accountable for that,” Ruane said. “The political message here is that all this is not going unnoticed. Everyone is not only watching but evaluating very closely the positions and behavior of our elected representatives. If they don’t do their job, then they’re going to hear from us.”