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Obama Highway Bill Oks Interstate Tolls

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DALLAS - President Obama sent a \$302 billion, four-year surface transportation bill to Congress Tuesday that ends the prohibition of tolls on existing interstate highways.

States would be allowed to put tolls on previously free interstate lanes to fund maintenance and repairs, and could use variable tolls on highways, bridges, and tunnels to manage traffic volume.

The president's highway bill, the Grow America Act, includes an increase in the cap on federal private activity bonds for transportation projects to \$19 billion from the current \$15 billion.

Sen. Mark Kirk, R-Ill., filed legislation, S. 2050, in March to raise the cap on the tax-exempt bonds that are allocated by the Department of Transportation and do not count against state PAB volume limits.

States that put tolls on existing interstate highway lanes under Obama's proposal could dedicate toll revenues to fund highway maintenance on all components of their highway systems, Transportation Secretary Anthony Foxx said Wednesday during a telephone news conference.

Tolling is currently prohibited on existing interstate highways unless additional lanes are added, although three states have been allowed to toll existing interstate lanes in a pilot program authorized under the current two-year highway bill that expires Sept. 30.

"We want to widen that aperture," Foxx said. "Adding tolls will be a state decision, not a federal one."

Interstate toll plans would require approval by the Transportation Department before states could levy the charges, he said.

"We would never tell a state or a local project sponsor to toll but that optionality is increasingly becoming something that states are interested in, and we'll consider finding ways to help when that's an option that states want to consider," Foxx said.

States could also use the interstate toll revenues to improve public transit operations that are within the transportation corridor being tolled or benefit the tolled facility.

The proposal is just the first step in the process of replacing the current two-year highway bill, Moving Ahead For Progress in the 21st Century, in cooperation with Congress, Foxx said.

"We're starting the conversation and we're open to other ideas," he said. "The only way we're going to fix our transportation problems is for everybody to put their ideas on the table."

Before the two-year MAP-21 was adopted in 2012, Foxx said, Congress regularly passed long-term bipartisan highway bills.

"There's no reason why Republicans and Democrats can't join together again," he said.

Sen. John Rockefeller, D-W.Va., chairman of the Senate Committee on Commerce, Science and Transportation, said funding the highway bill will be up to Congress.

"For too long, Congress has undermined the success of our transportation system through inadequate funding," he said. "We're unwilling to pay for what we so desperately need."

America's global competitiveness and the safety of the traveling public are at risk due to the lack of funding, Rockefeller said.

"The administration has proposed a number of new funding sources and I believe Congress needs to consider these, and every other option for increased infrastructure investment should be on the table," Rockefeller said.

Leaders on the Senate Environment and Public Works committee said in April they reached an agreement on principles for a surface transportation reauthorization bill. Chairman Barbara Boxer and ranking Republican Sen. David Vitter said transportation funding could be raised through tax reform.

Rep. David Shuster, R-Pa., chairman of the House Transportation and Infrastructure Committee, expects to have a transportation bill ready for a floor vote before Congress recesses in August.

The Senate Finance Committee will hold a hearing next week on surface transportation funding and financing.

The president's four-year proposal would boost federal transportation spending by 22% a year, with \$206 billion for highways, \$72 billion for mass transit systems, and \$19 billion for high-performance and passenger rail programs.

Much of the \$302 billion in the bill would be provided by President Obama's proposal to reform the corporate tax code to capture some U.S. corporate profits now held in foreign banks, Foxx said. The reforms would generate \$153 billion, he said, with \$63 billion going to the Highway Trust Fund and \$90 billion allocated for reducing the maintenance backlog for transportation projects.

The Highway Trust Fund, which receives revenues from federal gasoline and diesel taxes, would be renamed the Transportation Trust Fund. A new rail account and a multi-modal freight transportation account would be added to the existing highway and mass transit accounts.

Janet Kavinoky, executive director for transportation infrastructure for the U.S. Chamber of Commerce, said earmarking revenues from corporate tax restructuring to transportation needs is a bad idea.

"Putting the financial burden for a national transportation system on the business sector doesn't make sense to us," Kavinoky said.

The simplest, most efficient short-term solution for restoring the Highway Trust Fund until a long-term fix can be determined is an increase in fuel taxes that are linked to inflation, she said.

"We're in favor of user fees paying for the system," Kavinoky said.

The proposed \$4 billion increase in the PAB volume cap would be helpful but more could be done, she said.

"We would be in favor of eliminating the cap on PABs altogether," Kavinoky said. "PABs have been an essential piece for bringing private sector investments to surface transportation projects."

The Grow America Act also establishes an infrastructure permitting improvement center within the Department of Transportation to focus on reducing highway project delivery schedules. The center would report to the president on ways to improve federal agency permitting procedures.

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