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# Federal highway funds hit rough patch

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The next congressional budget crisis is barreling down a road near you.

Unless Congress acts in the next few weeks, the federal Highway Trust Fund, which pays for all but 13 percent of Montana highway construction, will be running on fumes in July. The U.S. Department of Transportation estimates the fund will drop to just \$1 billion by August, a level at which payments to states for highway and bridge construction will be postponed.

The fund is fueled by federal gas and diesel taxes, which haven't increased since 1993 and now generate less money because fuel-efficient vehicles means Americans buy fewer gallons to tax.

Major projects are being delayed for bid. Labor unions and highway contractors say about 1,120 Montana jobs could be lost. Lawmakers say there aren't yet concrete solutions for keeping the fund from going broke.

"We have been warned by the Montana Department of Transportation that if Congress doesn't get this issue resolved by midsummer, we could see a short-term disruption in the current federal fiscal year of up to \$40 million in projects taken off the table," said Cary Hegreberg, of the Montana Contractor's Association.

Lawmakers are scrambling to come up with ideas to keep the fund solvent, short of raising gas taxes, but haven't hit on any that would pass both the Republican-controlled House and Democratic-controlled Senate.

In a memo to the rank and file last week, House Republican leaders suggested cutting Saturday delivery by the U.S. Postal Service, a move Republicans estimated would save \$10.7 billion over the next decade. The leadership proposed investing the savings in the Highway Trust Fund.

It was just a year ago that Montana businesses and seniors dependent on mail drug deliveries balked at plans to cut Saturday service. The state's congressional delegation blasted federal officials for being out of touch with the needs of rural life.

U.S. Rep. Steve Daines, R-Mont., now has a dashboard view of the developing Highway Trust Fund crisis as a member of the House Transportation and Infrastructure Committee.

"Steve is deeply concerned about the future of the Highway Trust Fund and believes that Congress needs to act to address this issue to ensure Montana is able to support critical infrastructure projects," said Alee Lockman, Daines' spokeswoman. "However, raising taxes on middle class Montanans and making it even harder for rural Montanans to receive their mail isn't the solution."

Daines would like to fuel the Highway Trust Fund with some of the royalties from natural resource development on federal lands, Lockman said, but the idea hasn't been put to paper. House leaders will have to put something in writing in the next few weeks if the Highway Trust Fund is to remain solvent.

The Highway Trust Fund has been on a collision course with insolvency for several years. It was designed to be self sustaining, but has struggled since 2008 to keep pace with construction projects, not only because drivers of fuel efficient vehicles are buying less gas, but also because highway construction costs have increased.

The trust fund isn't the only transportation pothole jarring Congress. The federal Highway Bill expires Sept. 30. If the latter bill stalls, states like Montana that spend very little of their own money on road construction would be faced with much larger highway expenses.

The amount of highway funding Montana receives is two to three times more than what it pays in federal fuel taxes on fuel. The state's road construction needs are well documented. Roughly 18 percent of Montana bridges are structurally deficient or functionally obsolete, according to the National Transportation Research Group. Five percent of the state's major roads are in poor condition.

"I'm committed to working with other members of Congress to shore up the fund to keep our state's economy from grinding to a halt," said Sen. Jon Tester, D-Mont.

However, Tester spokeswoman Marnee Banks said it isn't a clear a solution to the Highway Trust Fund problem because there isn't agreement yet on how to pay for it. There hasn't been a serious proposal out of the House Transportation and Infrastructure Committee.

"While the House appears interested in the budget gimmick of changing postal delivery schedules, the Senate Finance Committee will spend the next two weeks looking for a balanced approach that includes revenue generation and spending cuts to pay for this infrastructure," Banks said. "But again, we don't have any specifics of what that proposal will look like."

U.S. Sen. John Walsh is working on a solution to the Highway Trust Fund crisis, but won't be revealing the specifics yet, said Andrea Helling, Walsh's chief of staff.

"Sen. Walsh won't support an increase to fuel taxes nor will he support the very misguided House approach to reduce mail delivery," Helling said. "The Postal Service has funding problems of its own that desperately need to be addressed. This is one of the problems with the House approach to legislation: it's totally irresponsible, ends up hurting jobs, the local economy and the people who rely on roads."

Helling said the Montana Department of Transportation has told Walsh the state can get through the end of September without an extension of the Highway Trust Fund, but if the funding shortfall isn't addressed by the beginning of the next federal fiscal year on Oct. 1, there may be delays for 235 Montana projects valued at more than \$1 billion. The job loss would be about 4,000.

"This is critical to middle-class jobs," said Al Ekblad, of Montana AFL-CIO. "The load here falls on Congressman Daines. It's in the House and it's in his committee. It's his responsibility to get it moving."

There are roughly 13,000 Montana jobs tied to highway construction, said Mike Tooley, Montana Department of Transportation director. This summer, the state is steering clear of awarding its largest highway contracts that could get hung up with federal funding problems. This way, the construction workers stay employed while Congress struggles to find a solution.

"We're going ahead cautiously, but we're not stopping, either," Tooley said.

A \$20 million road construction project on U.S. Highway 2 that DOT had hoped to put out for bid this summer will wait until fall, Tooley said. He's cautiously optimistic Congress will keep federal highway funding on the road.

"We're all optimistic that Congress will act," Tooley said. "We have to be cautious, but we expect that."

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