11/27/2012

Translate

Opinions vary on solving the transportation funding crunch

By David Tanner, Land Line associate editor

Some options for fixing the funding gap for transportation are better than others. Shoring up the Highway Trust Fund is certainly a contender, and one that many stakeholders including truckers stand behind. Exactly how to keep the fund solvent remains transportation's big question.

The Highway Trust Fund pays for surface transportation programs and infrastructure through collected fuel taxes and other user fees, including the 12 percent excise tax on equipment and the Heavy Vehicle Use Tax. The fund has been on the verge of going broke since 2008.

A series of transfers from the nation's general fund to transportation – $35 billion to be exact – have kept the highway account in good standing but by adding to the federal deficit.

The transportation law known as MAP-21, enacted earlier this year by Congress, contained some necessary reforms to policies and programs but only provided solvency to the Trust Fund through 2014.

The issue of funding is magnified by the needs of an aging Interstate system and thousands of deficient bridges around the country.

Options are numerous for filling the gap over short and long terms.

Some lawmakers have proposed reducing the federal role in transportation and returning more funding decisions to the states. Trouble is, that would likely lead to more tolling and public-private partnerships for infrastructure.

OOIDA remains opposed to tolls on existing highways built with tax dollars and opposed to the long-term lease or sale of public infrastructure to the private sector.

Most agree that maintaining the status quo – which could require more general-fund transfers and deficit spending – is not the way to go. So where does that leave us?

"We've gotten through the reform needs of the program, now it's important to look at the funding side," says Ryan Bowley, OOIDA director of legislative affairs.

OOIDA supports a strong federal role in transportation through the Highway Trust Fund.

A trio of federally appointed commissions – two with specific goals for reforming transportation and the other to tackle the overall issue of reducing the federal deficit – have recommended fuel-tax increases.

In its 2010 report, the National Commission on Fiscal Responsibility and Reform recommended a 15-cent-per-gallon increase, phased in by 2015.

The National Surface Transportation Policy and Revenue Study Commission recommended a fuel-tax increase of 5 to 8 cents each year for five years for a total of 25 to 40 cents.

In the past, "no tax increase" pledges by Republicans had kept a fuel tax increase off the table completely; however, the fiscal challenges facing the nation have led several influential Republicans to give those pledges a second thought.

Truckers have long relied upon the fuel tax as the fairest and most equitable user fee to fund transportation. In return, truckers expect good roads and for their tax dollars to be spent on what it is meant for.

A strong Highway Trust Fund has advantages in addition to good roads, says Bowley.

“There are huge long-term economic benefits for the state and the nation for having a strong national infrastructure,” he said.

Recent reports bolster the case for investment.

The Federal Reserve Bank of San Francisco recently reported that “government investment in infrastructure, such as roads, can raise the economy’s productive capacity” anywhere from 1.5 to three times the dollar amount spent.

See related story:
Transportation has its own version of a fiscal cliff