

Senate panel backs transport bill to maintain funding

BY ERIC BEECH

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Automobile traffic backs-up as it travels north from San Diego to Los Angeles along Interstate Highway 5 in California December 10, 2013. CREDIT: REUTERS/MIKE BLAKE

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(Reuters) - A U.S. Senate committee passed a six-year transportation bill on Thursday that would keep federal spending on highways and mass transit at current levels but does not tackle the looming shortfall in the Highway Trust Fund.

The Senate Environment and Public Works Committee voted with bipartisan support to advance the legislation, which would spend about \$53 billion a year and adjust for inflation, to the full Senate. It is not clear when the Senate will consider the bill.

Other committees in the Senate and House of Representatives are working on ways to pump money into the trust fund, which pays for about 45 percent of what U.S. states spend on roads and bridges and is forecast to run out of money by the end of August.

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Senator David Vitter, the senior Republican on the Environment and Public Works Committee, said it would be tough to find a way to fund the legislation. "A bipartisan finance solution is critical to the success of this bill," Vitter said.

Transportation Secretary Anthony Foxx warned this week that 700,000 jobs could be lost if Congress lets the trust fund run dry, which would hamper efforts to rebuild America's crumbling infrastructure.

The gas tax that supports the fund hasn't been raised since 1993 and covers only about \$35 billion a year of the approximately \$53 billion in annual federal highway and mass transit spending.

Since 2008, Congress has transferred about \$54 billion from general tax revenues to the fund, which was intended to be self-sustaining. With Americans driving less and using more fuel efficient vehicles, the fund hasn't kept pace with spending

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Groups ranging from the AFL-CIO labor federation and the U.S. Chamber of Commerce have lobbied Congress to boost fuel taxes, currently at 18.4 cents a gallon for gas and 24.4 cents for diesel. But there is little appetite among lawmakers to raise the tax in an election year.

Other ideas for plugging the funding hole also have not gained traction on Capitol Hill, including a proposal from Senate Environment and Public Works Committee Chairwoman Barbara Boxer, a Democrat, to replace the gas tax with a levy on oil at the wholesale level.

The Obama administration has proposed spending about \$75 billion annually over the next four years, a significant boost from the Senate bill. To pay for it, the administration would complement the existing gas tax with money from ending some business tax breaks.

Foxx this week criticized the Senate bill. "America has been waiting on a bigger solution," he said.

The American Society of Civil Engineers also said the bill fell short. "Regrettably, while the bill may reflect political realities, it does not go far enough in addressing our country's investment gap," ASCE said in a statement.

In its 2013 report card, ASCE said one in nine of the country's bridges were structurally deficient and 42 percent of its major urban highways were congested.

But the American Association of State Highway and Transportation Officials welcomed the bill's six-year time frame, saying it helped state officials plan long-term projects.

The current transportation bill, which is due to expire at the end of September, was enacted just two years ago.

(Reporting by Eric Beech; Editing by Susan Heavey)

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