



France Country Guide, brought to you by HSBC [Click Here](#)



The Smart Way to Invest Your Money [Click Here](#)



Understand the future trade trends, brought to you by HSBC [Trade Forecast Tool](#)

RPT-U.S. Congress faces highway funding battle, gridlock looms

Wed May 7, 2014 4:30pm IST

0 COMMENTS | [Tweet](#) | [Link this](#) | [Share this](#) | [Email](#) | [Print](#)

RELATED TOPICS

[Regulatory News »](#)

STOCKS

Con-way Inc
CNW.N
\$44.37
+0.27 +0.61%
01:10:00 IDT

PICTURE GALLERY



Election 2014

More than 814 million people are eligible to vote in the world's biggest democratic exercise.

[Full Coverage](#)

[Miley Cyrus rocks London](#)

[Login or register](#)

[Farming a war-torn land](#)

[Lion cubs get dunked](#)

[Click here for more slideshows](#)

(Repeats with no changes to text, headline)

By David Lawder

May 7 (Reuters) - A slow-motion pile-up is coming into view on U.S. highways and Capitol Hill this summer: federal funding for road construction is running out and Congress faces a big fight over how to replenish it.

The trucking industry, many state transportation directors and even a few lawmakers say the simple solution to shore up the Highway Trust Fund and avoid construction layoffs is to raise federal fuel taxes, unchanged since 1993.

But in a congressional election year in which both Democrats and Republicans are wary of voter backlash, the message is clear: Not going to happen.

"We have never proposed or supported a gas tax," White House spokesman Jay Carney told reporters on Monday.

...ses an
...year, Boehner all but ruled out another transfer of general funds to keep the Highway Trust Fund afloat.

If Congress can't agree on an alternative way to increase transportation money by late summer - or take the easier path of a short-term fund transfer - the consequences could be huge, halting or slowing work on thousands of projects. This could idle hundreds of thousands of workers at a time when the U.S. economy is finally gaining some traction.

A funding crisis would affect the nearly 600 major projects under way in California at a cost of more than \$11 billion, said Mark Dinger, spokesman for the state's Department of Transportation.

"In surprisingly short order, the operations of the nation's largest transportation agency could grind to a halt," he said.

The situation parallels the numerous "cliffs" that Congress has faced over the past year on

MOST POPULAR

MOST SHARED

1. [UPDATE 3-Islamist attack kills 125 in northeast Nigeria](#)
07 May 2014
2. [More violence as Kashmiris boycott election](#)
07 May 2014
3. [India on course for record general election turnout](#)
06 May 2014
4. [UPDATE 5-Thai court orders PM to step down, prolonging political crisis](#)
07 May 2014
5. [UPDATE 2-Head of Jeddah hospital replaced as Saudi fights MERS virus](#)
07 May 2014

ADVFN Financial News

Invest slowly; Exceptional Returns >>>

HSBC Global Connections

France Treasury Management Profile, brought to you by HSBC >>>

HSBC Global Connections

Understand the future trade trends, brought to you by HSBC >>>

Stock Index Futures Guide

Where are stock index futures heading? Get your free guide from ADMIS! >>>

10 Trades to make now

Sign up now to get your next 10 Option Advisor trade alerts Free >>>

POWERED BY dianomi

Aviation



DGCA grants permit to AirAsia India

Aviation regulator Directorate General of Civil Aviation (DGCA) on Wednesday granted an operating permit to AirAsia's Indian venture, a senior government official said, paving the way for the carrier to launch services in the country. [Full Article](#)

[India orders real time aircraft tracking](#)

Follow Reuters

divisive fiscal issues, with a looming deadline and potentially dire economic consequences.

With time running short, an ambitious reform of a funding mechanism that has been in place since the 1950s looks less likely.

The central problem is that the existing per-gallon fuel taxes of 18.4 cents for gasoline and 24.4 cents for diesel are no longer producing enough revenue to fund road, bridge and tunnel projects. This is due largely to improved vehicle fuel efficiency, less driving amid a slow economic recovery and construction cost inflation.

The U.S. Department of Transportation projects that the fund will be depleted by late August, which may force the federal government to curtail disbursements to states weeks earlier, during the height of the summer road works season. The federal government provides about 45 percent of what states spend on road and bridge projects. A related fund for mass transit projects is also running low.

AMERICA'S ASSEMBLY LINE

The funding crisis would put at risk projects large and small, from routine repaving along Interstate 95 in Virginia to a \$670 million section of Interstate 49 under construction in Louisiana, part of a new expressway corridor that will link New Orleans and Kansas City and speed the flow of goods between Midwest industries and a major U.S. port.

"The highways are our assembly line, and we have to rely on the government to take care of it," said Randy Mullett, vice president of government relations at trucking firm Con-Way Inc.

Washington has kicked around numerous options for filling the funding gap, but the trucking industry favors a fuel tax increase because of its simplicity and because it ensures that the money only pays for transport upgrades. The U.S. Chamber of Commerce has also called for an increase.

Congestion on highways raised truckers' operational costs by \$9.2 billion last year, said Sean McNally, a spokesman for the American Trucking Associations, citing an industry study.

Since 2008, Congress has transferred more than \$50 billion in taxpayer money to the trust fund, which was intended to be self-sustaining. To stay solvent, it will need an infusion of up to \$18 billion in each of the next 10 years, the Congressional Budget Office estimates. The CBO says it would take a 10-15 cents per gallon hike in the fuel tax to fill the gap in the near term if that were the only solution.

SATELLITE TRACKING

Other ideas that have been explored, according to lawmakers, aides and trade groups, include new technology that charges taxes based on vehicle miles traveled. But methods requiring electronic satellite tracking devices would raise privacy concerns and require investment in new infrastructure.

In a proposed four-year, \$302 billion transportation bill sent to Congress late last month, Obama suggested ending some business tax breaks to boost funding. Republicans have staunchly opposed using such revenues for spending or deficit reduction.

The Obama administration also has floated the idea of allowing states increase their tolls on interstate highways to raise construction funds. But trucking and business groups are worried the funds could end up being used for other purposes.

Some Republicans have proposed allowing companies to repatriate overseas profits at lower tax rates, producing windfall revenues that would fund infrastructure spending.



RECOMMENDED VIDEO

[Rotting, bloated Blue whale worries Canadi...](#) [Ukrainian forces approach rebel-held s...](#)

[Ruins to revenue? Spain's abandoned vill...](#) [Four rare white tiger cubs born in Crimea z...](#)

REUTERS SHOWCASE



Tax Trouble

Vodafone begins arbitration against India in tax dispute [Full Article](#)



NSEL Probe

Financial Tech chairman Jignesh Shah arrested in fraud probe [Full Article](#)



Elections 2014

Gandhi dynasty battles to hold seat in family bastion Am ethi. [Full Article](#)



Loan Terms

RBI bars banks from charging prepayment fee on floating rate term loans. [Full Article](#)



Yellen Testimony

Yellen says U.S. economy still needs help, housing poses risk [Full Article](#)



Oil Shock

Asia is most vulnerable to Mideast oil supply shock - report [Full Article](#)



Reuters India Mobile

Get the latest news on the go. Visit Reuters India on your mobile device. [Full Coverage](#)

Congress must pass a new transportation bill before it goes on recess in August to ensure that funding is not disrupted.

While lawmakers says they want to find a long-term funding stream for projects, transportation officials believe they may have to settle for a short-term extension.

"That's probably the most likely solution," Virginia Transportation Secretary Aubrey Layne told Reuters.

Republican Thomas Petri, who chairs a highway subcommittee in the House of Representatives, agreed, but added: "My worry is that it not deteriorate into a long series of temporary extensions," he said, adding that the continued uncertainty would delay projects, increasing costs. (Additional reporting by Eric Beech; Editing by Caren Bohan and Ross Colvin)

FILED UNDER: [REGULATORY NEWS](#)

Recommend Be the first of your friends to recommend this.

Tweet this Link this Share this Digg this Email Print Reprints

More From Reuters

- [Afghan couple hack off nose, ears in revenge attack](#) | 29 Apr
- [Modi rails against illegal immigrants after Muslim killings](#) | 4 May
- [Switzerland, Norway are world's most expensive economies](#) | 29 Apr
- [After bombing in west, China angered by U.S. criticism in terror report](#) | 1 May
- [India's Modi rails against illegal immigrants after Muslim killings](#) | 3 May

Sponsored Financial Content  (?)

- [The Smart Way to Invest Your Money](#) *ADVFN*
- [Explore top global trade routes, brought to you by HSBC](#) *HSBC*
- [The guide that will help you understand technical analysis](#) *RJO Futures*
- [Germany Country Guide, brought to you by HSBC](#) *HSBC Global Connections*
- [Where are stock index futures heading? Get your free guide from ADMIS!](#) *ADM Investor Services*

From The Web

Sponsored Content by Taboola



[Do-it-yourself Free Testosterone Solution](#)
Nugenix



[NEVER Eat This Type of Fish \(Ever\)](#)
The Inflammation Solution



[11 Horrible Foods For Your Body](#)
Diet.st



[These Are The Best Credit Cards For 2014](#)
Next Advisor



[The #1 Exercise that Accelerates AGING \(St...\)](#)
Old School New Body



[Stunning Photos Of Jessica Simpson's 8 ...](#)
LonnyMag



[9 Exercises You Must Do If You Want To Los...](#)
My Diet



[Economist: "Obama Won't Finish Term Wit..."](#)
Money Morning