



DOT chief: Highway fund bankruptcy would cost 700,000 jobs



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Transportation Secretary Anthony Foxx said Wednesday that a bankruptcy in the Department of Transportation's Highway Trust Fund would cost the U.S. 700,000 construction jobs.

Lawmakers are grappling with a Sept. 30 deadline for reauthorizing the federal government's surface transportation bill, which provides funding for road and transit projects across the country.

Foxx said during an **interview** with Washington, D.C., radio station WTOP on Wednesday that the consequence of congressional inaction this summer would be "dire."

"We're already seeing states that are slowing down their programs of work," Foxx told the station. "By June or July, we'll start to see states slowing down some ... contracts that they are planning to let in the fall. We have 700,000 jobs that are going to be at risk immediately. And, obviously, we're losing the opportunities to create the connections and the safety that Americans count on in their road systems."

Congress normally pays for transportation projects with revenue that is collected from the 18.4 cents-per-gallon federal gas tax. Receipts from the fuel levy have been outpaced by infrastructure expenses by as much as \$20 billion per year as cars get better gas mileage and U.S. residents drive less frequently than previous generations.

The gas tax has not been increased since 1993, and it was not indexed to inflation when it was last raised by lawmakers.

The gas tax typically brings in about \$34 billion per year, but the current transportation funding bill includes more than \$50 billion worth of projects per year. Transportation advocates have said the current funding level is the minimum that is necessary to meet the nation's infrastructure needs.

The funding crisis is coming to head now because the current surface transportation bill, which includes the authorization to collect the gas tax, is expiring in the fall.

The expiring measure, known as the Moving Ahead for Progress in the 21st Act (MAP-21), was approved in 2012. Lawmakers used funding from other areas of the federal budget to make up for the lost gas tax revenue then, but they could only find enough funding for two years worth of transportation projects.

Transportation advocates have said that federal infrastructure bills should last about six years to provide state and local governments with enough certainty to complete projects that are relying on money from the U.S. government.

Foxx said Wednesday that he agreed that it was necessary for lawmakers to approve a longer transportation bill this year.

"The cumulative effects of short-term measure that Congress has passed over the years, 18 continuous resolutions, for instance, has meant that the pipeline of projects is slowing and our ability to grow America in the right way is also slowing," Foxx said during the interview. "We've got to make a change and we've got to do it now."

The Congressional Budget Office (CBO) has projected that the Highway Trust Fund will go bankrupt as early as August without congressional

action. The budget office has said that it would take \$100 billion in addition to the \$34 billion per year that is brought in by the gas tax to provide enough money for a six-year transportation bill now.

Foxx said Wednesday that President Obama's recent proposal for a four-year, \$302 billion bill known as the Grow America Act would solve the transportation funding problem. Obama's proposal relies on using money from a corporate tax reform proposal that is unlikely to be approved by Congress this year to close the funding gap.

"We've proposed a \$302 billion bill that would put \$150 billion more into the system, but it would not use the gas tax," Foxx said of Obama's proposal.

"It would use pro-growth business tax reform, which could be accomplished without raising tax rates and without impacting deficits," the DOT chief continued. "That's one of the things that we've heard from both sides of the aisle on some of the pay-for ideas that folks want. We've proposed an idea that we think would help move things along and we're trying to push that idea as best we can, but we're also listening to Congress."

Democrats have pushed to increase the gas tax to 33 cents-per-gallon to make up for the revenue that has been lost since the gas tax was last hiked.

Republicans and the Obama administration have balked at the idea of increasing the taxes paid at the pump by drivers when they fill up their tanks, resulting in a standstill on transportation funding.

Foxx said Wednesday he was confident that a solution could be achieved before the DOT's Highway Trust Fund runs out of money.

"There are people on both sides of the aisle who care about this issue," he said. "I do believe this is an issue where the past is prologue in the sense that folks do want to come together around something. But, obviously, the devil's in the details and trying to figuring out not only how to pay for it, and also what level we should be investing in the future is also going to be a big issue.

"It's not going to be an easy issue," Foxx continued. "If it were, we would be in a much different position. But we're going to keep working at it and I do believe there are people of good faith on both sides of the aisle who want to solve this."

The Senate is scheduled to hold a hearing on Obama's transportation proposal Wednesday afternoon.

TAGS: Anthony Foxx, Highway Trust Fund shortfall, MAP-21 Reauthorization, Gas Tax

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