



## Lawmakers hit the gas to save highway fund



By **Bernie Becker and Keith Laing** - 07/08/14 08:15 PM EDT

A sense of urgency took hold in the Capitol on Tuesday, as lawmakers ramped up work on legislation to prevent states from suffering a 28 percent cut in transportation funding next month.

But even with the burst of activity, top tax writers in both the House and the Senate stopped short of saying they had a deal that would avert sidelining thousands of construction workers in the heat of an election year.

House Ways and Means Committee Chairman Dave Camp (R-Mich.) pushed a short-term fix for the Highway Trust Fund and said his committee would consider a measure on Thursday that would finance projects through next May.

In a statement, Camp noted that his proposals to pay for that extension — including “pension smoothing” and boosting customs user fees — had historically won bipartisan support and that he had already compromised by not seeking to replenish the trust fund until the end of 2015.

“A funding package that would get to the end of next year would have required both sides to make much tougher decisions — something that sadly Washington does not appear capable of doing at this time,” Camp said.

“Likewise, any effort that just goes to the end of this year will only lead to another backroom deal during the lame-duck session, where only a very few members are present or have any say in the matter.”

On the other side of the Capitol, the Senate’s top tax writers also said they were getting closer to a deal.

“The way I would characterize it is we are making progress on avoiding a shutdown that would, in my view, cost our country tens of thousands of jobs,” Senate Finance Committee Chairman Ron Wyden (D-Ore.) said.

Still, Wyden didn’t rush to embrace the plan from Camp, even as he said Tuesday that he hoped to announce more concrete plans about the Senate’s approach to replenishing the Highway Trust Fund.

Top Democrats, such as Sen. Charles Schumer (D-N.Y.), have said they expect a short-term deal to materialize soon, even if an agreement isn’t in hand.

Sen. Orrin Hatch (Utah), the Finance panel’s top Republican, agreed and said Congress had work to do before locking in a broader agreement for transportation projects. Hatch added he hoped Wyden would resume marking up the committee’s own transportation measure on Thursday.

“I think we’ll resolve this problem,” Hatch said. “But the big problem is, what do we do about the approximately \$100 billion we really need to raise in the future? And we’re going to have to come up with a way of doing that.”

With November’s midterm elections now less than four months away, both parties have good reason to come together. The Transportation Department has said that allowing the trust fund to go bankrupt could cost the economy some 700,000 jobs, with the pain spread across the country.

If lawmakers don’t come up with a deal before they break for August, Transportation Secretary Anthony Foxx has said his department would have to start rolling back payments to state and local governments.

The 18.4 cents per gallon gas tax has been the traditional funding source for transportation projects.

But that tax hasn't been raised in more than two decades and has struggled to keep pace with infrastructure expenses as cars have become more fuel-efficient.

The gap between what the gas tax brings in and transit spending is now in the neighborhood of \$16 billion a year, according to the Transportation Department.

Camp's proposal would raise about \$6.4 billion from pension smoothing, another \$3.5 billion from customs user fees and a final \$1 billion from an account set up to deal with leaking underground storage tanks.

Under pension smoothing, employers would get to push back when they make contributions to pension plans. Companies also get a tax break on those contributions, meaning they would pay more in taxes if they don't insert more money into employee pension plans.

Even as lawmakers sounded more confident about a legislative solution, Camp's proposal also underscored the differences that remain in getting a final deal before lawmakers depart Washington for the August recess.

Senate Majority Leader Harry Reid (D-Nev.), for instance, said he wanted to negotiate a longer-term deal in the coming weeks, even as he acknowledged that was unlikely.

"We know that we have to do something on the highway bill before the August recess," Reid told reporters. "We know that. It's a question of what we do."

Sen. Ben Cardin (D-Md.) said he thought a bipartisan majority of the Finance Committee wanted to extend transportation funding only until after November's election — an idea that Camp downplayed, saying he would fight back against any attempt to raise the gas tax during the lame-duck session.

Cardin said that would give Congress a better shot at hashing out a six-year highway deal and not having to rely on the shorter-term patches that have been more common in recent years.

"We know it will be lame duck," Cardin said about a potential six-year deal. "But we want to get it done in this Congress."

In a nod to the current campaign, top Democrats have taken to casting the looming transportation shortfall as another shutdown, less than a year after the GOP took the blame for a government shutdown that lasted more than two weeks.

"I had hoped that we would be able to get this done by now," Senate Budget Committee Chairwoman Patty Murray (D-Wash.) said in a speech on the Senate floor. "The last thing the American people want to see right now is another countdown clock on the nightly news."

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