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Senate Budget Committee Chair warns panel of transportation shortfall

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The chairwoman of the Senate Budget Committee warned her colleagues on the panel last week that the shortfall in federal transportation funding was threatening "families, businesses and the economy" throughout the United States.



Sen. Patty Murray, D-Wash., said in a memo to members of the Budget Committee that the consequences of a transportation funding bankruptcy would be catastrophic.

The Department of Transportation's Highway Trust Fund is projected to run out of money as early as August without congressional action.

Sen. Patty Murray, D-Wash., said in a memo to members of the Budget Committee that the consequences of a transportation funding bankruptcy would be catastrophic, The Hill reported.

"A shortfall in the Highway Trust Fund would hurt workers who depend on jobs on highway construction and public transportation projects, and it would add to the uncertainty that states and local governments already feel in planning for future transportation projects," Murray said in the explainer.

"Both Democrats and Republicans have put forward proposals to resolve a Highway Trust Fund crisis, including plans to use revenues from corporate and international tax reform, to address the shortfall," she continued. "At this critical stage, with less than three months before a crisis, failing to act in Congress to shore up the Highway Trust Fund would be damaging for families, businesses, and the economy."

The Senate Environment and Public Works Committee has approved a bill that lawmakers say would provide \$265 billion transportation spending over the next six years. The panel has left it up to members of Murray's committee and other appropriators in the Senate to find ways to help for the infrastructure measure, however.

The House has proposed controversial plan to tie transportation funding to cut backs at the U.S. Postal Service. The lower chamber has said that eliminating some Saturday deliveries could produce approximately \$15 billion that could be used to plug the shortfall in the Highway Trust Fund for at least one year.

The post-office-for-transportation proposal is unlikely to gain momentum in the Democratically control Senate. The primary author of the Senate's transportation legislation, Sen. Barbara Boxer (D-Calif.), has already called the House's plan "unworkable."

The traditional funding source for transportation projects has been the federal gas tax, which is currently priced at 18.4 cents per gallon. The gas tax has not been increased since 1993 however, and the federal government's authorization to collect it at all is also set to expire in

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September.

The gas tax brings in approximately \$34 billion per year at its present rate, but senators are trying to maintain current transportation funding levels of about \$50 billion per year. Transportation advocates have said the current funding level is the bare minimum that can be spent on U.S. infrastructure to maintain the nation's road and public transit systems.

The Congressional Budget Office (CBO) has projected that lawmakers will have to find an extra \$100 billion in addition to the expected gas tax revenue to pay for a six-year transportation bill, which is the length of time that is being sought now by the Senate.

Murray said in her explainer that it was important to pass a long-term transportation bill to give certainty to states that are relying on federal contributions to help pay for large infrastructure projects.

"Projects funded by the Highway Trust Fund are paid for through a system of reimbursement," she wrote. "That is, the Highway Trust Fund does not pay for projects directly. Instead, states initially pay for projects using state funds, and then DOT reimburses states for eligible expenses from the trust fund.

"While requests for reimbursement from states for infrastructure projects can come at any time, DOT usually reimburses states on the same day they submit a voucher for repayment," Murray continued. "DOT forecasts the rate at which it will have to make reimbursements, but certain events outside of the Department's control can alter the rate and amount of outlays."

Murray added that the DOT has said it will have to stop making reimbursements when the revenue in the Highway Trust Fund dips below a "critical level" of about \$4 billion at any time.

"One reason DOT carefully manages outlays from the trust fund is because, by law, the trust fund cannot borrow from the General Fund of the Treasury or incur negative balances," Murray wrote. "The moment that trust fund balances reach zero, DOT must halt reimbursements to states. As a result, DOT has said that once the trust fund reaches critical levels, it may take certain cash management measures, including delaying payments to states."

Murray said the results can be devastating for state and local governments.

"Delaying or canceling transportation projects has serious implications for workers, especially those in the construction industry," she wrote. "As states consider dialing back highway construction projects, construction companies will hire far fewer workers to repair and improve roads and bridges around the country. According to an analysis from DOT, if states are not able to enter into new construction contracts because of a Highway Trust Fund crisis, as many as 700,000 jobs could be at risk."

Sen. Mike Lee, R-Utah, has proposed a measure that would move toward eliminating the gas tax altogether in lieu of a system of block grants that would replace current annual congressional transportation appropriations.

The measure, known as the Transportation Empowerment Act (TEA), would reduce the federal gas tax that is traditionally used to pay for infrastructure improvements from 18.4 cents per gallon to 3.7 cents within five years.

Transportation advocates objected to getting rid of the gas tax.

"The federal government helped build this nation's highways, and maintaining these vital thoroughfares is literally one of the most basic responsibilities of government," Association of Equipment Manufacturers spokesman Michael O'Brien said in a statement.

"House Republicans' proposal to fund a one-year extension of the Highway Trust Fund is unworkable, but ideological conservatives' proposal to essentially federalize the administration of all interstate highways is even less serious," O'Brien continued.

The current federal transportation bill is scheduled to expire on Sept. 30.

The Trucker staff can be reached to comment on this article at editor@thetrucker.com.

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