



Wonkblog

Wonkbook: Time is running out to solve our transportation-funding crisis

BY PUNEET KOLLIPARA June 19

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(Photo by Larry Downing/Reuters)

Wonkbook's Number of the Day: 2.1 to 2.3 percent. That's [the year's projected economic growth](#), according to the Federal Reserve, down from a previous projection of nearly 3 percent.

Wonkbook's Chart of the Day: [21 charts](#) that explain how America is changing.

Wonkbook's Top 5 Stories: (1) Speed bumps ahead for transportation funding; (2) the Fed's inflation-worker conundrum; (3) Obamacare data dump; (4) wonky labor roundup; and (5) what to expect in the House GOP leadership races.

1. Top story: Getting up to speed on the rapidly changing transportation-funding debate

Transportation secretary to Congress: We need more moolah,



and fast. "Transportation Secretary Anthony Foxx said Tuesday that time is quickly running out for Congress to approve a new round of road and transit funding. Foxx said the latest projections from budget analysts show that the transportation department's Highway Trust Fund will run out of money in August, a full month before the scheduled expiration of federal transportation funding." *Keith Laing in [The Hill](#).*

Chart: The Highway Trust Fund's balance is dangerously low.

[Department of Transportation](#).

Bump at the pump? Bipartisan duo of senators propose 12-

cent hike in U.S. gas tax. "The proposal to hike the 18.4-cent federal tax for the first time since 1993 came from Sens. Chris Murphy (D-Conn.) and Bob Corker (R-Tenn.) and won quick endorsement from an array of advocates ranging from road builders to AAA. In addition to increasing the tax by 6 cents in each of the next two years, the senators want the rate indexed to inflation. Failure to keep pace with inflation over the past 20 years, along with steadily increasing fuel economy, has caused the Federal Highway Trust Fund that receives the money to sink to a dangerous level." *Ashley Halsey III in [The Washington Post](#).*

Explainers:

How does the Highway Trust Fund work? *Amanda Bayhi in [Better Roads](#).*

America's transportation needs are huge. Too bad the way we fund them is broken. *Lydia DePillis in [The Washington Post](#).*

Primary source: Senate must face fiscal reality in pending highway bill. *Sen. Bob Corker (R-Tenn.) in [The Washington Post](#).*

Until recently, policymakers tried to do everything *but* raise gas taxes. "One concept backed by Senators Harry Reid and Rand Paul is to use the proceeds from a windfall of taxes on repatriated corporate profits. An even less likely idea from House Speaker John Boehner is to cut back on mail delivery and put the savings into the trust fund. Both ideas have drawbacks, and they fight the founding principle of the Highway Trust Fund, which is that construction and maintenance of highways and bridges should be paid for by the people who use them....Another alternative, of course, is just to spend less money on

fixing highways — let the potholes get a little bigger and the bridges a little rustier. But the American people don't seem to like that option." *Peter Coy in [Bloomberg Businessweek](#)*.

The White House's recent idea: Pair new tolls with corporate tax reforms. "With pressure mounting to avert a transportation funding crisis this summer, the Obama administration Tuesday opened the door for states to collect tolls on interstate highways to raise revenue for roadway repairs. The proposal, contained in a four-year, \$302 billion White House transportation bill, would reverse a long-standing federal prohibition on most interstate tolling....While providing tolling as an option to states, the White House proposal relies on funding from a series of corporate tax reforms, most of them one-time revenue streams that would provide a four-year bridge." *Ashley Halsey III in [The Washington Post](#)*.

Gas-tax hikes are the simplest solution, but an unpopular one. "It's widely viewed as the simplest fix to solve the potential crisis. But in a midterm-election year, no one has even floated the possibility until now. Tax hikes in general are broadly unpopular, and a gas-tax increase would hit a huge number of Americans where it would hurt most. But Murphy said the tough choice would pay dividends for the fund in the long run, and Corker said it was an 'embarrassment' that no one has spoke about this potential solution already....It's not yet clear what kind of support the plan will have in the Senate — where one-third of members are facing re-election bids — or in the House. But it has picked up support from groups like the Chamber of Commerce and AAA." *Brett Logiurato in [Business Insider](#)*.

Poll: Majority of riders willing to endure gas-tax hike. *Keith Laing in [The Hill](#)*.

Can Congress approve a long-term fix in time? If not, senators seek a six-month patch. "Senate Finance Committee

members...including committee Chairman Ron Wyden, told reporters today that lawmakers in both parties want to make sure the trust can meet its obligations through the end of this year as Congress pursues a longer-term measure that includes broader changes to transportation programs. Wyden, an Oregon Democrat, and other lawmakers said there is still no consensus yet on how to finance the so-called 'patch.'" *Laura Litvan in [Bloomberg](#)*.

The states have wildly varying ideas in mind in case the trust fund runs out. "The issue is a hot topic in Missouri....The state's

Republican-led Legislature recently passed a resolution to ask voters for a sales-tax increase....Several other states, including New Hampshire, have recently passed fuel-tax increases, and others such as Michigan are debating ways to boost funding for road and transit projects....Vermont has freed up \$15 million to cover a potential federal shortfall, but that would buy it only eight or nine weeks before it would have to consider curbing projects....Georgia will use about \$130 million in state bonds to support...projects but will stop contracting out some new ones in July without a federal aid solution." *Jon Kamp and Kristina Peterson in [The Wall Street Journal](#)*.

Another looming transportation-funding problem: Airports.

"Airports and airlines disagreed Wednesday at a House hearing about whether to raise fees on tickets to pay for airport construction projects. The fees, called passenger-facility charges, raise \$2.8 billion each year to pay for projects such as runway improvements or gate expansions, but airport executives say it isn't enough. The fees are capped at \$4.50 per leg or \$18 per round trip and were last raised in 2000. The fees are added to a passenger's ticket, depending on the airports they use. Airport