Modernizing The U.S. Surface Transportation System

Wisconsin Transportation Development Association Annual Meeting

Monona Terrace

September 29, 2011
Washington Transportation Update

• SAFETEA-LU expired 9/30/2009

• 8th extension until 3/31/2012
  – Highway programs cut 7 percent

• HTF cannot support SAFETEA-LU levels

• House bill
  – NO GAS TAX INCREASE
  – 35 percent cut
  – 6 years
  – Looking for revenues

• Senate bill
  – SAFETEA-LU levels plus inflation
  – 2 years
  – Need $12 billion
Washington Budget Update

- Deficit/debt & 2012 elections dominate

- Budget Control Act of 2011
  - Debt ceiling increase ($2.1-2.4 trillion)
  - Statutory discretionary caps ($900 billion)
  - Super Committee ($1.2-1.5 trillion)

- Joint Select Committee on Deficit Reduction
  - November/December deadlines
  - Outcomes
    - Deadlock
    - Barebones compliance
    - Grand Compromise
  - Lines in sand

- President’s American Jobs Proposal

- President’s Deficit Reduction Proposal

- GLIMMER OF HOPE
Back To Transportation

But What If.....

Develop Alternative

- Consistent with core principles
- Credible
- Start a dialogue
Our Core Principles

• Transportation essential to our national security, our national economy and our way of life

• Critical to solving our deficit/debt problem

• Preservation and modernization of our national network is essential and an enormous undertaking

• Need for Federal program capable of making sustained investment across the national network

• Substantial increase in investment essential
  – Current level unacceptable
  – Reduced funding disastrous

• Gas tax best option now
Credible Alternative

• Federal Interstate User Fee
  – All vehicles
  – Finance all Interstate improvements
  – Subaccount in HTF

• Federal Motor Carrier User Fee
  – Commercial trucks off Interstate
  – Finance motor carrier-related improvements
  – Subaccount in HTF

• Existing Highway Trust Fund
  – Non-Interstate Federal-aid highway system
More Details

- Federal
- All-electronic
- Fees tied to cost to improve
- Adjusted annually by independent entity
- Fees could vary (type of vehicle, urban/rural, corridor, etc.)
Advantages

• Allows for increased investment across the entire Federal-aid system without raising the gas tax

• Allows for increased investment without borrowing money, increasing the deficit, or raising the debt

• User fee
  – Truer user fee than gas tax
  – More popular than gas tax
Advantages (cont’d)

• Linked to a vision
  – Modernizing Interstate Highway System
  – “Crown Jewel” “Envy of World”

• Big step in modernizing Federal financing toward post-gas tax era
  – Central role for Feds
  – Depoliticized

• Should score as an “off-setting receipt” rather than revenue
  – Will “reduce spending”
Advantages (cont’d)

• Fee would be adjusted annually—set at level necessary to reimburse states for work completed
  – Pay as you build
  – No diversion
  – No extra fees
  – No balkanization

• Take two or three years to implement
Disadvantages

• Could still be branded as tax

• Tolling existing free lanes controversial

• Paying double on Interstate

• Too constrained for some
  – Cash cow
  – Demand management
  – Diversion

• Administrative costs/enforcement issues

• Still requires political backbone
Closing Thoughts.....

When all else fails.......DO THE RIGHT THING!!!