

Peter Friedmann's View from Washington DC

August 2014

OurManInDC@FederalRelations.com

Congress and the President left town in a hurry, but not without a lot of finger-pointing and ultimately, failure to address our nation's deteriorating transportation infrastructure. Until there is *leadership*, on Capitol Hill and in the White House, the real funding solutions that we all know exist, will be kicked down the road, while fraudulent funding "patches" will be enacted, over and over again.

Transportation infrastructure impacts every American, from highways and bridges for cargo and commuters, to subway, bus, and ferry transit in our increasingly urbanized country. Since Eisenhower's Presidency, it has been **a basic function of the federal government to assure an interstate transportation system, and since the 1970s, transit.** Traditionally, Congress has considered the revenue needed to maintain and grow transportation infrastructure, identified specific projects to be funded, adjusted the federal gasoline tax if needed, and enacted a new Transportation Bill every six years.

About 15 years ago, it started to become evident that our transportation infrastructure was deteriorating, and the existing revenue source (the Federal gas tax) was generating insufficient funds to pay for maintaining what we have, much less building new improved infrastructure. Members of Congress and Presidents talked about necessity of infrastructure for the health of our domestic economy and necessary to keep up with the rest of the world. **But Congress and the President became skittish about increasing the gas federal gasoline tax, and incapable of finding some other revenue sources.**

Since then, Congress has played all sorts of games to "find" revenue. Accounting tricks such as pretending that future revenues which may be received decades from now for completely unrelated programs can be spent now for highways and transit. And at 1600 Pennsylvania Avenue, what does the President propose? "Close corporate tax loopholes". Sounds good, except he has never identified which business tax incentives, if any, he would terminate.

Irresponsible you say? Well, **you will not be impressed to learn what Congress and the President did just this past week before leaving town for the August recess:** once again, instead of increasing the gas tax from the current 18.4 cents a gallon (last increased, by the way, under the leadership of Pres. George HW Bush in 1992), they "patched" the hole in the Federal Highway Trust Fund, for the fifth time in the last six years. By "patching", they mean finding some funds somewhere, to temporarily "patch" the HTF to allow it to continue to operate until May. By then, they hope they will somehow develop the courage to establish real funding, even if it means imposing new or increased user fees or taxes.

What kind of tricks are they using in this latest funding "patch"? First, they changed how employers fund worker pension programs; second, they diverted Customs User Fees, and third, they transferred money from the Leaking Underground Fuel Storage Tanks Repair Fund. So, are underground fuel storage tanks no longer leaking? Do importers no longer need CBP services? Do employee pension programs no longer need to be funded? Of course they do! But by "taking" those monies now, Congress and the President avoid raising real money, which would require new user fees or increasing taxes.

Before the light of day was shown on this fraud, members of Congress rushed to the airport to get out of town for their six-week August recess, while the President hosted 40 leaders of African countries, and now is headed for his August family vacation on Martha's Vineyard.

Who's at fault? All of them. **Increasing taxes is never popular; it requires leadership.** In 1992 George HW Bush spearheaded the drive, and gave "cover" to reluctant legislators, the last time the federal gas tax was increased. And while President Obama and his Transportation Secretary Foxx have traveled the country touting the need for transportation infrastructure, neither of them, not even once, proposed anything remotely real as a means to pay for it. And despite his public criticism of Congress, **the President is in fact right in step with most in Congress, as he also opposes increasing the gas tax, even though it is the solution which has been recommended by three blue-ribbon bipartisan panels over the past 15 years.** The Republican-led House of Representatives is not inclined to increase the gas tax, and the Democratic-led Senate has gone on record as opposing it as well.

So let's blame the politicians, right!? ***Not so quick.*** Recent surveys indicate that while elected politicians may not always know much, they definitely know what their constituents, the voters want. Perhaps they did not have all the data, but their intuition has been correct – even though a significant majority of Americans believe that our highways and other transportation infrastructure needs improvement, the **majority of Americans, 58%, oppose raising the federal gasoline taxes** to pay for it. And an alternative, such as letting private companies pay for construction of new roads and bridges in exchange for the right to charge tolls, is *opposed* 2 to 1. What about shifting responsibility for paying for projects to state and local governments? *60% oppose* that.

So the bottom line is that Congress is actually reflecting what people want: we all want a robust federal transportation program, but we don't want to pay for it.

"A great leader takes people where they don't necessarily want to go, but ought to be." **Some leadership has been glimpsed in the House and Senate.** This summer, Republican Senator Corker of Tennessee and Democratic Senator Murphy of Connecticut proposed a 12 cent/gallon increase in the federal gas tax. This would provide a long-term solution, take care of the shortfall of the Federal Highway Trust Fund, and allow essential and expanded transportation projects to proceed. There are other voices in support of an increased gas tax, such as Oregon Congressman Peter DeFazio. But those remain lonely voices without support of the President or Democratic or Republican Congressional "leadership".

Everybody knows we need an increase in the federal gas tax, we're still looking for the leadership to get us there.