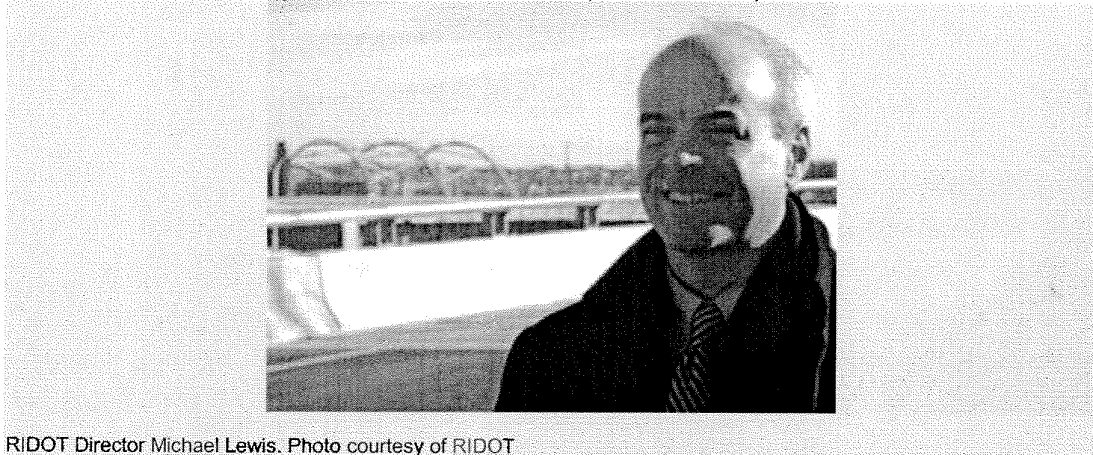


States Begin to Consider the Benefits of a Two-Year Transportation Bill

by [Tanya Snyder](#) on April 20, 2011

As we [reported yesterday](#), the buzz around a two year transportation bill seems to be growing, and there are sound reasons to set our sights on a shorter-term bill, despite the obvious pitfalls.



RIDOT Director Michael Lewis. Photo courtesy of [RIDOT](#)

Pro:

- Preserve higher yearly funding levels
- Start fresh on a longer-term bill in 2013 under a new administration or Obama's second term, either of which might be more open to talking about raising new revenue
- The economy will likely have further rebounded by 2013, making a gas tax hike less politically dangerous to support

Con:

- John Mica will beat the crap out of you
- Less ability to plan long-term
- Deficit-hawk Republicans unwilling to adequately invest in infrastructure may control both houses of Congress in 2013

I spoke this morning to [Michael Lewis](#), the Director of the Rhode Island DOT. He said he sees both sides. He said obviously, a longer-term bill would be ideal, because it allows states to plan larger projects and manage their finances.

All states have been struggling in recent years because of this continuing resolution. We haven't been able to plan longer, multi-year projects because we really don't know how much money we're getting. That being said, a longer-term bill with less money to the states is a real problem for the states. It's a real problem for the country. Congress has a real dilemma. If they're not going to increase the revenues into the Highway Trust Fund, maybe we're better off at a shorter-term bill that has level funding as opposed to locking in a long-term bill with lower funding.

Brian Searles, secretary of the Vermont DOT, had a similar message. A six-year bill is far better, he told me, and he's still hoping that President Obama's vision for a robust investment package will set the tone for the conversation. But if that doesn't happen? "Oh sure," he said, "if it was a much smaller bill than what president Obama has talked about up to this point then *clearly* we'd want a bill that was shorter in duration."

States have had a unified message to Congress: we want a long-term bill. And until now, that's generally been understood to mean a six-year bill. AASHTO is on record as supporting a "multi-year" bill, but it won't specify how many years is "multi."

But there is growing buzz about the two-year option. Lewis, who chairs the AASHTO subcommittee on construction, and Searles both say it will be a topic of much discussion at AASHTO's spring meetings.

Lewis said Rhode Island gets \$220 million a year from the Highway Trust Fund for highway and bridge construction, which they currently match with borrowed money. A 20 percent reduction in the total bill could mean their annual take is \$176 million – this for a state that already suffers from underinvestment, according to a blue ribbon panel's 2008 report that found that in order to maintain a state of good repair, the state would need to spend about \$640 million a year.

With the reality of a smaller bill sinking in, it makes sense that stakeholders – who almost unanimously told House and Senate panels that they need a far higher level of investment and increased revenues – would look to a two-year bill that doesn't cut quite as deep.

There is another hazard to coming out in support of a two-year bill, however. Perhaps Mica was kidding when he threatened to "beat the crap" out of anyone proposing a shorter-term bill, but either way, he's not a man whose bad side anyone wants to get on right now. The first and most important thing that needs to happen to get any transportation bill passed is to get it through the House. If he's adamantly in favor of a six-year bill, no one serious about getting a bill passed wants to cross him by talking about a two-year bill.

Once a bill gets through the House, however, the Senate can go its own way, hoping to work out the "details" in conference. But does Sen. Baucus have EPW Committee Chair Barbara Boxer's ear on this whole two-year business? Last I heard, she's still talking six.

A Two-Year Transportation Bill? Some Say It's a Better Deal

by [Tanya Snyder](#) on April 19, 2011

Last week, we [reported](#) that Sen. Max Baucus (D-MT) had mused aloud at a committee hearing that perhaps a two-year transportation reauthorization was a better option in the current political and economic environment than a six-year bill. "We don't have a lot of money here," he said.



Sen. Max Baucus favors a two-year reauthorization bill. Photo: [Ghanbari/AP#](#)

And at the current rate, under a six-year program, the number of dollars spent per year [would be] reduced. If we take the six years at the current funding level, annual funding payments would [go down] approximately from current \$42 [billion] down to \$28 [billion] — unless we find new revenue. *[Ed. note: that number is just for highways.]* I don't think we want to be in that position where it's only 28. That's a huge blow to our country. Which raises the question of a six-year versus a two-year bill. And I raise that because if we can't find revenue for a full six-year bill, might be better to go for a shorter [one] which is fully funded for at least those two years.

State DOT officials quickly interjected that they didn't think it was a good idea.

Indeed, most political and industry leaders have strongly supported a six-year bill. Transportation Committee Chair John Mica told state DOT officials last month, "Anyone who talks about anything less than a six-year bill, I'll take you outside and beat the crap out of you."

Some people are lining up to take that beating.

In addition to Baucus, Robert Puentes of the Brookings Institution took an opportunity to [reiterate his previous support](#) of a two-year bill.

Such an authorization would avoid the current political rancor and the challenges of discussing a necessary increase in the federal gasoline tax during the presidential election campaign in 2012. There is the added hope that the national economy will have recovered sufficiently by then to make such a conversation possible.

Puentes acknowledges that ideally, everyone prefers a six-year bill, but a two-year bill is still better than constant extensions, as we've had for the last 18 months since SAFETEA-LU expired. And it might be better than a six-year bill at starvation levels. "The hope is that by the time the trust fund starts running a negative balance in 2012, that will force a conversation about raising revenue," he said, "specifically the gas tax."

Given that projected trust fund revenues diminish steadily into negative territory over the next six years, looking only at the next two years would allow for slightly higher expenditures, but still nothing close to the robust investment needed to start addressing the nation's massive infrastructure backlog. And a Congress filled with deficit hawks won't consider spending more than the Highway Trust Fund brought in — even for just two years.

Besides, the construction industry and the states are on their knees begging for a long-term bill. Donna Cooper, who served as Pennsylvania Governor Ed Rendell's secretary of policy, said short term reauthorizations are very inefficient ways to do infrastructure spending. "You need the multi-year horizon to go from design to construction," she told Streetsblog. "Otherwise you interrupt that process and you can't keep your construction pipeline going."

She said the stimulus bill "cleaned out the closet of all the projects that could be done quickly" and now it's time for a multi-year bill to plan, design, and build longer-term projects.

And then there's the political calculation. Many political pundits predict that the Senate will fall to the GOP in 2012, meaning that by putting off negotiations on a long-term bill by two years, Democrats will find themselves in the minority in not one but two houses, and the only power they'll have is the presidential veto.

But Cooper has a different perspective. She said having an unfinished infrastructure bill could help the Democrats in the 2012 election.

If I was the Republicans I'd try to get it done ahead of time because i don't think this is a good election issue for the Republicans. The American public wants to see responsible, smart infrastructure investment and I think they'll worry, with the Republican party as it stands now, having such a strong anti-investment approach, "these guys aren't going to build my road; I'm going to continue to sit in traffic; I'm not going to get that rail system."

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Highway Measure Falling Victim to Budget Pressures

By JOSH MITCHELL

WASHINGTON—A six-year \$556 billion highway and transit construction program proposed by President Barack Obama is the latest casualty of Washington's spending stalemate.

Sen. Barbara Boxer (D., Calif.), who is leading talks on the issue, said Wednesday she is now considering a two-year measure that would freeze federal spending on road, bridge and transit projects at existing levels.

The White House had called for a six-year infrastructure bill in his fiscal 2012 budget in part as a measure to create jobs and boost the economy. But lawmakers haven't agreed on how to pay for the bill, amid a broader debate over how to slash federal spending.

Ms. Boxer, the chairwoman of the Senate Environment and Public Works Committee, said "funding challenges" could require a two-year, \$109 billion bill setting funding at existing levels plus inflation. The bulk, if not all, of the funding for such a bill would come from the federal gasoline tax. Lawmakers would still need to plug a \$12 billion shortfall under that bill, because gas-tax revenue is falling.

"We are hoping for a six-year bill. We may not wind up with a six-year bill," Ms. Boxer said in a media briefing. It was the first time Ms. Boxer has conceded that Congress may have to pass a bill covering less than six years at existing funding levels.

The admission marked the first time she conceded a smaller bill may in order and followed months of lobbying by the U.S. Chamber of Commerce and labor unions for the bigger bill.

Ms. Boxer said lawmakers were looking at ways to lure more private dollars into construction projects. She said one measure under discussion would provided \$1 billion in low-interest loans, loan guarantees and lines of credit for projects under a program known as Transportation Infrastructure Finance and Innovation Act. That money would leverage \$30 billion in private investment, she said.

"To have this agreement on Tifia is very important at a time when we have to leverage funds because we have deficit issues," Ms. Boxer said.

A shorter, smaller highway bill would be a disappointment to the construction industry and business groups which had called on Congress to push for a longer-term measure.

Multiyear highway bills are typically financed by gas-tax revenue. That revenue has fallen in recent years as Americans cut back on driving and purchased more fuel-efficient vehicles.

Even if a two-year bill is passed, Congress would still be forced as early as next year to confront the question of how to raise more highway funding. States have warned that a funding drop would halt construction projects and hurt their economies.

Ms. Boxer said discussions on the highway bill would ramp up in coming weeks, with a possible committee markup of a bill before the July 4 recess.

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