

United States Senate

WASHINGTON, DC 20510

November 5, 2010

The Honorable Erskine Bowles
Co-Chairman
National Commission on Fiscal
Responsibility and Reform
1650 Pennsylvania Ave., NW
Washington, D.C. 20504

The Honorable Alan Simpson
Co-Chairman
National Commission on Fiscal
Responsibility and Reform
1650 Pennsylvania Ave., NW
Washington, D.C. 20504

Dear Chairmen Bowles and Simpson,

We write to urge your Commission, in its report to President Obama, to address the fiscal deficiencies of our nation's transportation budget. The federal transportation program is suffering from two crises. First, the Highway Trust Fund's revenue stream is insufficient for current outlays. Second, the existing level of transportation investment is inadequate to maintain our infrastructure and provide for 21st century improvements.

The Highway Trust Fund, which includes the Highway and Mass Transit accounts, is the primary federal funding mechanism for our nation's surface transportation network. Since 1956, federal excise taxes on gasoline and diesel have been deposited into the Highway Trust Fund and utilized to repair and expand federally-eligible transportation systems. However, the Highway Trust Fund can no longer sustain the level of outlays authorized under current law and recently has experienced near negative balances. To deal with this problem, Congress has transferred a total of \$34.5 billion from the General Fund in 2008 and 2009 to maintain a positive balance in the Highway Trust Fund. These transfers delayed immediate insolvency but did not fix the underlying problem. As a result, the Congressional Budget Office estimates that the Highway Trust Fund will require \$34 billion over the next six years to maintain existing outlays. This situation will force Congress to decide between two unacceptable solutions: additional transfers from the General Fund, which will lead to a higher deficit, or a sharp reduction in federal transportation funding for every state, which will create additional unemployment and continued deterioration of infrastructure.

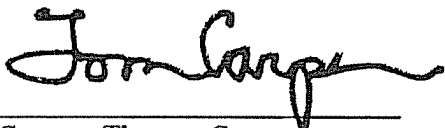
The Highway Trust Fund's fiscal problems occur at a time when our transportation system is showing its age. The Interstate Highway System is more than fifty years old and many roadways and bridges are reaching the end of their useful life. In fact, nearly fifty percent of all bridges were built before 1966. In addition, the average age of transit rail vehicles is twenty years, with thirty-two percent of the fleet considered over-age. The U.S. Department of Transportation estimates that an additional \$60 billion per year is needed to return our highways, bridges, and transit systems to a state of good repair. Expanding our infrastructure to accommodate a growing population and economy will cost even more.

To address these fiscal challenges, we suggest that the Commission include an increase in the federal tax on gasoline and diesel as part of your report to the President. We suggest that the taxes be increased by one cent per month for 25 months – a total of 25 cents over a three-year period. Within this increase, 10 cents should be temporarily dedicated to deficit reduction, raising more than \$83 billion over 5 years, and 15 cents should fund transportation improvements, providing \$117 billion in new investments over five years. When the deficit is under control, the 10 cent increase for deficit reduction should revert to transportation funding, so as to maintain the user fee concept of the gasoline and diesel taxes. Upon completion of the month-by-month increase, the taxes should be indexed to inflation to prevent an erosion of purchasing power. Finally, all revenue from the 15 cent increase should be deposited into an escrow account at the U.S. Department of Treasury until Congress enacts a surface transportation authorization bill to allocate the new funding.

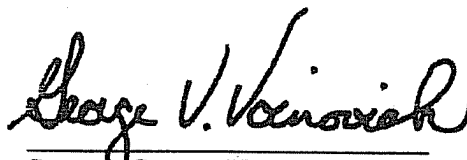
This proposal will fix the transportation program's major fiscal challenges. It will remove the approaching need for further General Fund transfers to the Highway Trust Fund, will provide additional deficit reduction, will supply essential investment for transportation infrastructure, and will create more than 750,000 jobs.

We thank you for your work on behalf of fiscal responsibility. The task that you have undertaken is essential to the long-term strength of our nation. We hope that you will recognize that integral components of long-term strength are a manageable deficit and a robust and self-sufficient transportation system.

Sincerely,



Senator Thomas Carper
United States Senator



Senator George V. Voinovich
United States Senator

cc:

Senator Max Baucus
Congressman Xavier Becerra
Congressman Dave Camp
Senator Tom Coburn
Senator Kent Conrad
David Cote, Chairman and CEO, Honeywell International
Senator Mike Crapo
Senator Richard Durbin
Ann Fudge, Former CEO, Young & Rubicam Brands
Senator Judd Gregg
Congressman Jeb Hensarling
Alice Rivlin, Senior Fellow, Brookings Institute and former Director, Office of Management & Budget

Congressman Paul Ryan
Congresswoman Jan Schakowsky
Congressman John Spratt
Andrew Stern, President, Service Employees International Union

News Center

SENATORS VOINOVICH AND CARPER ASK DEBT COMMISSION TO CONSIDER RAISING GAS TAX

November 8, 2010

SENATORS VOINOVICH AND CARPER ASK DEBT COMMISSION TO CONSIDER RAISING GAS TAX

WASHINGTON, D.C. – U.S. Senator George V. Voinovich (R-Ohio) and Sen. Tom Carper (D-Del.) sent the following letter today to the co-chairmen of the National Commission on Fiscal Responsibility and Reform. The Highway Trust Fund needs \$34 billion over the next six years to maintain the nation's roads, and Sens. Voinovich and Carper urged the co-chairmen, Erskine Bowles and Alan Simpson, to consider raising the gas tax to replenish the Highway Trust Fund and improve our nation's infrastructure.

Sens. Voinovich and Carper urged the commission to strongly consider the importance of transportation investment to job creation and the fact that the federal fuel tax has not been increased since 1993, when it was raised by 4.3 cents to 18.4 cents per gallon. The purchasing power of the current fuel taxes has decreased during this time; thus, the federal government's contribution to the transportation system has continued to fall behind.

"This proposal will fix the transportation program's major fiscal challenges. It will remove the approaching need for further General Fund transfers to the Highway Trust Fund, will provide additional deficit reduction, will supply essential investment for transportation infrastructure, and will create more than 750,000 jobs," Sens. Voinovich and Carper wrote.

Dozens of stakeholders signed a separate letter to the commission urging its members to raise the gas tax to improve infrastructure, including:

America Bikes

American Association of State Highway and Transportation Officials

American Concrete Pavement Association

American Public Transportation Association

American Road & Transportation Builders Association

American Society of Civil Engineers

American Traffic Safety Services Association

Apollo Alliance

Associated Equipment Distributors

Associated General Contractors of America

Association of Equipment Manufacturers

Association for Pedestrian and Bicycle Professionals
 International Union of Operating Engineers
 Laborers-Employers Cooperation and Education Trust
 Laborers' International Union of North America
 League of American Bicyclists
 LOCUS: Responsible Real Estate Developers and Investors
 National Asphalt Pavement Association
 National Association of Railroad Passengers
 National Construction Alliance II
 National Railroad Construction and Maintenance Association
 National Stone, Sand and Gravel Association
 National Utility Contractors Association
 Portland Cement Association
 Railroad Cooperation and Education Trust
 Rails-to-Trails Conservancy
 Smart Growth America
 Transportation for America
 United Brotherhood of Carpenters & Joiners of America

Please find a copy of Sen. Voinovich's Nov. 5 letter to the National Commission on Fiscal Responsibility and Reform below:

Nov. 5, 2011

The Honorable Erskine Bowles
 Co-Chairman
 National Commission on Fiscal
 Responsibility and Reform
 1650 Pennsylvania Ave., NW
 Washington, D.C. 20504

The Honorable Alan Simpson
 Co-Chairman
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funding mechanism for our nation's surface transportation network. Since 1956, federal excise taxes on gasoline and diesel have been deposited into the Highway Trust Fund and utilized to repair and expand federally-eligible transportation systems. However, the Highway Trust Fund can no longer sustain the level of outlays authorized under current law and recently has experienced near negative balances. To deal with this problem, Congress has transferred a total of \$34.5 billion from the General Fund in 2008 and 2009 to maintain a positive balance in the Highway Trust Fund. These transfers delayed immediate insolvency but did not fix the underlying problem. As a result, the Congressional Budget Office estimates that the Highway Trust Fund will require \$34 billion over the next six years to maintain existing outlays. This situation will force Congress to decide between two unacceptable solutions: additional transfers from the General Fund, which will lead to a higher deficit, or a sharp reduction in federal transportation funding for every state, which will create additional unemployment and continued deterioration of infrastructure.

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This proposal will fix the transportation program's major fiscal challenges. It will remove the approaching need for further General Fund transfers to the Highway Trust Fund, will provide additional deficit reduction, will supply essential investment for transportation infrastructure, and will create more than 750,000 jobs.

We thank you for your work on the behalf of fiscal responsibility. The task that you have undertaken is essential to the long-term strength of our nation. We hope that you will recognize that integral components of long-term strength are a manageable deficit and a robust and self-sufficient transportation system.

Sincerely,

Sen. George Voinovich

Sen. Tom Carper

CC: All Deficit Commission members

– END –



November 2, 2010

Honorable Erskine Bowles, Co-Chair
National Commission on Fiscal
Responsibility and Reform
1650 Pennsylvania Ave NW
Washington, DC 20504

Honorable Alan Simpson, Co-Chair
National Commission on Fiscal
Responsibility and Reform
1650 Pennsylvania Ave NW
Washington, DC 20504

Dear Chairmen Bowles and Simpson:

On behalf of America's motorists, thank you for your bipartisan leadership of the fiscal commission. It is clear that it is a national priority to reduce the Federal budget deficit and reduce our national debt. It is also important, however, that in a weak economy, the commission's efforts to identify spending reductions not extend to federal investments that generate net economic growth and increase our national competitiveness, such as highway investment.

The American Highway Users Alliance (The HwyUsers) is a 78-year old business federation of associations and companies that make substantial contributions into the federal Highway Trust Fund. Our members represent millions of highway users across the country. They include various state and local AAA clubs; truck, bus, RV, and motorcycle associations; farming and rural groups; shopping centers; car companies, dealers, and parts manufacturers; fuel and materials suppliers; and many others.

The federal highway program, due for authorization in the next Congress, is a case that merits special consideration by your commission. Federal-aided, state-administered highway programs generate national and regional benefits that exceed costs by as much as six-to-one. The economic benefits of highway investments are seen in a variety of outcomes, including reduction of deaths, injuries and property damage; time and fuel savings from congestion relief projects; reduced logistics costs for trucking; improved access to more jobs, shopping, and recreation; and avoided catastrophic losses from bridge and pavement failures. There is no doubt that highway investments grow the economy and produce jobs over both the short and long run. We ask that the commission acknowledge that highway investments should be increased in a weak economy, even as other domestic discretionary programs are frozen or cut.

Fortunately, the existence of the user-fee financed Highway Trust Fund has historically helped to make the case for special budgetary treatment for highway programs. Since 1956, the Highway Trust Fund has protected excise taxes on highway fuels, new truck sales, and tires for heavy vehicles and reserved their use principally for highways.

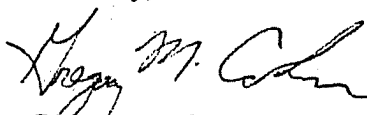
Consistent with that, over the past two years, Congress has taken multiple steps to restore past revenue diversions to the fund.

In order to match revenue to investment needs, Members of the next Congress will face a daunting challenge in authorizing a robust highway program. Economic priorities and a stronger focus on increasing public trust in the Highway Trust Fund will be important. Given the history of bipartisanship in the development of highway legislation, we are hopeful that the commission can conclude that more, not less highway investment is appropriate. More specifically, we urge that the commission make the following recommendations:

1. Exclude federal highway investments from budget cuts, as they are substantially funded from a trust fund.
2. Increase federal investments in highway projects in order to support economic growth, safety, and congestion relief.
3. Restore public trust in the Highway Trust Fund by increasing revenues and eliminating earmarks and diversions of highway funds.
4. Endorse continuation of the special budgetary treatment for Highway Trust Fund programs, given their substantial support from dedicated revenues.

Thank you for your consideration of these recommendations. Please do not hesitate to contact me at any time if I can be of assistance to the commission.

Sincerely,



Gregory M. Cohen
President and CEO

cc: All Members of the National Commission on Fiscal Responsibility and Reform

FOR IMMEDIATE RELEASE

NEWS RELEASE

Contact: Daisy Singh, 202-857-1200 ext. 202, daisysingh@highways.org

Transportation Leaders Release Statement on Deficit Commission Draft Proposal

(WASHINGTON, D.C.)—Leaders from a diverse coalition of transportation interests today released the following statement:

"We commend Chairmen Bowles and Simpson for recognizing in their recommendations to the National Commission on Fiscal Responsibility and Reform the critical role surface transportation improvements play in the nation's overall fiscal and economic health. Specifically, we strongly support their proposal to phase-in a 15 cent federal motor fuels tax increase to ensure the U.S. surface transportation network is strategically upgraded to promote and accommodate future economic growth.

"The co-chairs recommendation should not be a surprise. The infrastructure investment component of the proposal is consistent with the recommendations of two independent, bipartisan commissions established by Congress in the last major transportation bill, SAFETEA-LU. Both the National Surface Transportation Policy and Revenue Study Commission (NSTPRSC) and the National Surface Transportation Infrastructure Financing Commission (NSTIFC) recommended increased federal investment in transportation infrastructure and recommended that it be paid for by users in a variety of ways, including an increase in the federal motor fuel fee. The NSTPRSC recommended an increase of 25 to 40 cents-per-gallon. The NSTIFC recommended an increase of 10 cents-per-gallon. Both commissions analyzed this problem and acknowledged the fact that public private partnerships have limited applications and are not a substitute for core federal investment. The NSTPRSC, the NSTIFC, and now the leaders of the National Commission on Fiscal Responsibility and Reform all recognize the stark choice facing decision makers today is either raise the federal motor fuels rate or make massive general fund transfers into the Highway Trust Fund.

"We support this latest recommendation because it reinforces the long-standing policy of pay-as-you-go financing by system users as the foundation of the federal surface transportation program's success over the past half century. Capital investments, like highway and public transportation improvements, are long-term activities that require the financial stability generated from recurring revenues. This user-pay construct has assured the federal surface transportation programs are fiscally responsible and largely deficit neutral. It is also important to recognize that a small portion of the public transportation program has been historically funded with general funds. These contributions meet critical needs and should be continued.

"The proposed increase in the federal motor fuels tax would have two immediate and tangible results. The new revenues would help stabilize the Highway Trust Fund, which the Congressional Budget Office currently forecasts would require \$34 billion in General Funds to prevent devastating cuts in federal highway and transit investments though FY2016.

The proposal would also allow Congress to move forward with a long-term reauthorization of the surface transportation program that provides the resources and policy reforms necessary to facilitate long-term economic growth.

"As such, we encourage all members of the National Commission on Fiscal Responsibility and Reform to support the co-chairmen's proposal to generate new revenues for the Highway Trust Fund."

Editors Note: a list of organizations releasing this statement follows

- American Association of State Highway & Transportation Officials
- American Concrete Pipe Association
- American Council of Engineering Companies
- American Highway Users Alliance
- American Public Transportation Association
- American Road & Transportation Builders Association
- American Society of Civil Engineers
- American Traffic Safety Services Association
- American Trucking Associations
- Associated General Contractors of America
- Association of Equipment Manufacturers
- Concrete Reinforcing Steel Institute
- International Union of Operating Engineers
- Laborers-Employers Cooperation & Education Trust
- Laborers' International Union of North America
- National Asphalt Pavement Association
- National Ready Mixed Concrete Association
- National Stone, Sand & Gravel Association
- National Utility Contractors Association

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