

The Washington Post

[Back to previous page](#)

Can't Congress agree on highways, at least?

By [Brad Plumer](#), Published: October 3

To hear Eric Cantor [tell it](#), the president's jobs bill is dead and rotting in the House — at least in its current form. But that doesn't mean Obama's ballyhooed jobs speech last month was totally ineffective. In fact, it already seems to have quietly nudged the dial on at least one key issue, prodding the House GOP to consider a bigger transportation spending bill.

David McNew/Getty

Some quick context: Gas-tax revenue, as we know, [is shrinking over time](#): The tax isn't indexed to inflation, and Americans have cut down on driving during the recession. That means there's less and less federal money to bankroll new highway and transit projects. (True, Congress could always just *raise* the gas tax, but, well...) So, earlier this year, House Republicans unveiled [a six-year, \\$230 billion transportation bill](#) that would've represented a 30 percent cut in spending from current levels. That's all we can afford, they said, with current gas-tax levels. Even Transportation Committee Chairman John Mica sounded apologetic about it.

That proposal sits uneasily with interest groups. Unions clasped hands with the Chamber of Commerce and argued that a sharp cut in infrastructure spending didn't make a whole lot of sense right now. State transportation officials moaned loudly. And Obama's jobs speech, which included a call for \$50 billion in new infrastructure spending, put Republicans on the defensive. The result? Mica is now toiling away on a new [\\$300 billion](#) highway bill that would keep funding at current levels for the next six years. Problem solved, right? Well, sort of.

The House and Senate can still clash over how to pay for this new, larger bill. In the Senate, Barbara Boxer (D-Calif.) and James Inhofe (R-Okla.) are working on a two-year, \$109 billion transportation bill — comparable in size, per year, to Mica's proposal. But the gas tax won't fully cover either bill. Some Republicans in the House want to make up the difference by using royalties from new oil and gas drilling. It's a clever way to bolster drilling, by tying it to popular road projects. Tanya Snyder over at [StreetsblogDC](#) [has a detailed rundown of this idea](#), but the main political fact is that Boxer has called it a "non-starter."

The House and Senate are also likely to have different views on where the money gets spent, although the details of either bill are not yet fully finalized. "Based on what's been indicated so far, both bills are going to try to find ways to move projects to completion faster," says Transportation for America's

David Goldberg. “But the House proposal seems to make that the overarching goal. It doesn’t make as many distinctions on what constitutes a wise investment — it just seems to say, we just want you to build it faster.” The Senate approach, by contrast, could include more efforts to reshape national transportation priorities.

The other big battle could come over a small program called Transportation Enhancement Activities. This measure, which provides money for biking and pedestrian safety, was originally set up in 1991. If a neighborhood got sliced in half by new freeways, for instance, the money could help alleviate dangers to pedestrians caused by the new roads. Over time, the program has swelled into a catch-all for a variety of projects — in a few cases, the money has gone toward transportation museums or safe crossings across highways for endangered species. Boxer wants to reform the program but still keep funds to promote pedestrian safety in place. Many Republicans would prefer to eliminate it altogether.

So there’s still plenty to fight about. But now that the House GOP is edging away from its original proposal to cut highway spending by nearly one-third, it should become somewhat easier to thrash out a compromise. At least that’s the theory.

© The Washington Post Company

Shovel-Ready Series: How Our Permit Process Is Costing Us Jobs

Posted on Monday October 24th by Melissa Lafsky

For the past few weeks, we've been examining the state of U.S. infrastructure as it relates to job-creation — a critical issue that's capturing the attention of policymakers and constituents alike, particularly as unemployment levels and crumbling U.S. infrastructure show no sign of improving.

Of course, in addition to “What projects should we build?” another critical question is “How can we improve the process for the projects we do decide to build?”

The fact is that our current requirements for permitting weigh America's building process down like a boulder. Taking on a major project such as a bridge means an automatic 5 years of environmental reviews, nonstop treks through permitting regulations, and other delays presented by all levels of government. All this hassle is a big reason why we squeezed so few new projects out of the 2009 stimulus — repaving roads that already exist is much easier to get past permitting rules and Congressional constituencies than building something big and new.

It wasn't always this way — if we'd had this much red tape in the past, it's quite possible that the Hoover Dam, or the Interstate Highway System, or countless other projects would never have been built. Our system has evolved into this circuitous mess that places hurdles in front of any large project — and it's precisely these projects that will bring the greatest benefit to our communities and create the most jobs.

This isn't to say that permits and regulations are unnecessary; we need a system in place to gauge whether a project should be built, and how it should be built. Plus permits provide a crucial nexus between our goals for public and environmental safety, and our desire for development. But when the checks and balances are bogging down every project to the point where they're having a chilling effect, it's time to admit that the process is broken.

The worst offender is environmental reviews, which alone can tie up projects for years at a time. The good news is that the fix doesn't lie in changing the substance of these reviews (no one wants to say “Hell with it, let's just build without considering the environmental damage/impact”), but rather the way in which they're run. Streamlining the process, and increasing efficiency and transparency, could save years of needless tie-ups. Eliminating duplication, for one, would be a huge step in the right direction. Right now, would-be builders have to spend significant time and money getting the same proposals past municipal zoning reviews, environmental divisions, and other review boards.

There's also the matter of states. Every state has its own unique permitting process (in addition to the federal process) and the bodies in charge of these permits are usually a mess of decentralized agencies. Around 75% of the permits authorized by federal law are actually issued by states, meaning that anyone who wants to build something big has to become an expert in the

serpentine regs of at least one (if not multiple) states. Sometimes the requirements for a permit in one state will dictate that you can't use the most effective or efficient building methods...while another state's requirements are totally different.

Some states are taking measures to improve their permitting process – Vermont, for instance, has started an initiative. But we need guidance from the feds in order to make permit improvement a priority. There's also the small matter of embracing technology — if all permit rules and applications were digitized, just imagine how much easier it would be to streamline and track everything.

POLITICO

House GOP embraces big-ticket bills

By: Jake Sherman and Anna Palmer
October 13, 2011 11:46 PM EDT

House Republicans are doing an about-face, breathing life into expensive legislation long considered dead in Congress, showing that, yes, they do believe the federal government should be spending money on domestic programs.

Speaker John Boehner is starting with the mother of all public works bills — directing top aides to work with the Transportation and Infrastructure Committee on a six-year highway bill to rebuild the nation's transportation infrastructure. The last such highway bill cost \$286 billion — House Republicans have not released cost projections for a new one.

That same committee is also looking for a permanent funding fix for the Federal Aviation Administration, a bill that has been extended 22 times without a fresh rewrite. The four-year authorizing cost on this one could approach \$60 billion.

And Republicans on the Ways and Means Committee are pining for Congress to move a tariff bill that would give special breaks to a wide swath of foreign companies that produce things like obscure chemicals not available in the U.S. — legislation that has previously been dismissed because these measures qualify as earmarks, something Republicans have banned.

Altogether, the increased legislative maneuvering shows a Republican majority grasping for a more proactive agenda that stretches beyond their “cut everything” mantra that has dominated this year. But in taking up some pretty hefty government programs, Republicans also risk backlash from conservatives who have an innate distrust of things like highway pork and special interest tariff breaks.

Boehner, speaking to reporters Thursday, said he wants to see Congress pass some legislation before the chill of the 2012 campaign sets in.

“I think our country has big challenges, I think the American people expect us to work together to find common ground, and I'm hopeful that we'll be able to do that,” Boehner said.

It's certainly a fresh tack for Republicans. Their agenda has been dominated by long-shot legislation that pleases the base but paints them broadly as pursuing a strictly partisan agenda that has no chance of becoming law. Notably, they did pass free-trade agreements this week, which are expected to become law in short order.

The push is creating buzz on K Street, which loves the prospect of a big highway bill. It also demonstrates that House Republicans are taking a fresh look to fit big-ticket legislating within their ideology.

The highway bill is perhaps the most striking example of legislation that's rising from the graveyard. The last time Congress passed a highway bill was in 2005 — a different fiscal era, during which passing massive pieces of legislation was much easier.

Boehner, according to several sources, is extremely interested in a new highway bill —

usually a pricey endeavor. The Ohio Republican is looking to pay for the legislation by expanding domestic energy production, according to a GOP insider. Logistically, that could be a tricky way to pay for the bill. Boehner will move forward as soon as the pay-for is figured out, sources said.

Politically, it could serve to show that Republicans, too, are looking to create jobs through infrastructure spending without adding to the deficit. They also want to set up a contrast with Obama's jobs bill, which was soundly rejected in the Senate.

Transportation Committee Chairman John Mica, a Florida Republican, has been in discussions with leadership to move a bill.

"We've had a decision made by our leadership ... to look for additional revenues, which was one of the holdups," Mica told POLITICO.

Boehner is beginning to lace his public remarks with hints on his game plan. The topic of transportation and infrastructure spending came up during a Thursday phone call between Obama and Boehner.

"Let's link the next highway bill to an expansion of American-made energy production," Boehner said last month in a speech at The Economic Club of Washington, D.C. "Removing some of the unnecessary government barriers that prevent our country from utilizing its vast energy resources could create millions of new jobs. There's a natural link between the two: As we develop new sources of American energy, we're going to need modern infrastructure to bring that energy to the market."

The first stop for House Republicans could be a new FAA bill by Jan. 1, Mica said. But even the short-term versions have caused heartache — a stopgap passed earlier this year dragged on because of union provisions.

"I think given the partial shutdown ... after [all of the] extensions that there is a lot of support for getting that behind us and getting a four-year bill," Mica said.

The miscellaneous tariff bill is among the most difficult lifts for Republicans. It's a piece of legislation that relaxes tariff laws for items that are not produced in the United States but are needed by American corporations. Lawmakers in support of passing the miscellaneous tariff bill are unsure of how it will move forward under current House rules barring earmarks, since the tariff exemptions qualify as earmarks under GOP rules.

"I would like to, but it will take some work," Rep. Kevin Brady (R-Texas) said, adding that "bipartisan, thoughtful, well-vetted projects" should be able to make their way through Congress.

Brady, who chairs the trade subcommittee panel that deals with the tariff issue, said that while there had been discussions earlier this year, it has been "a long time" since he talked with GOP leadership about the issue.

"We had hoped to push it through last year. So I don't know what the prospects are," Brady said, noting that there may be a way to reform the system so that it is more of an administrative process.

Rep. Devin Nunes (R-Calif.), another member on the Ways and Means Committee, said that "it's complicated, but at the end of the day we need to get them fixed."

He added: "There are a lot of provisions out there that are hurting jobs. I would like to see that we will [get them fixed]."

None of this will be easy in a House Republican Conference plagued by ideologically — and regionally — divided factions. Indeed, Rep. Steve King (R-Iowa) previewed some of the problems that might come along with a highway bill.

"Spending is spending, but we have a road use fund, and out of that there's about two-thirds of that that goes to something other than roads and bridges," he said in an interview. "And I have long taken the position that if you add that up, we don't need to be paying for [cleaning] graffiti off the retaining walls on the freeway in New Jersey. That was in the last one. Trails? They're nice — the people that use them could find another way to pay for them rather than take them out of our gas tax."

But some conservatives think it would be a great idea.

"If we truly want jobs, energy is one of the most viable ways to do it," said Rep. Jason Chaffetz, a Republican from energy-rich Utah.

© 2011 POLITICO LLC



Reason Foundation

<http://reason.org>

<http://reason.org/news/show/funding-transportation-and-the-futu>

Public Works Financing

Funding Transportation and the Future of the Highway Trust Fund

Getting away from the user pays principle could cause new transportation funding problems

Robert Poole

October 5, 2011

The biggest news on federal surface transportation reauthorization is that Rep. John Mica (R, FL), chairman of the House Transportation & Infrastructure Committee, has been given the go-ahead by House GOP leadership to seek additional revenues for the Highway Trust Fund.

Mica's draft bill, which I praised last month for its fiscally responsible approach, called for spending only as much over the next six years as federal highway user taxes bring in, which is estimated to support \$230 billion over the six years from 2012 through 2017. While that is only slightly less than spending under the expired SAFETEA-LU, it is about 30% less than the spending levels of the last two years, which were boosted temporarily by several large infusions of general-fund stimulus money.

Mica's aim of seeking up to \$15 billion a year in additional revenue for the Trust Fund was welcome news to all the groups urging increased highway spending - the American Association of State Highway and Transportation Officials (AASHTO), the American Road & Transportation Builders Association (ARTBA), the U.S. Chamber, and highway contractors. But before advocates of public-private partnerships break out the champagne, I suggest we look before we leap.

A very knowledgeable source tells me the leading candidate being considered at this point is increased revenue from existing taxes on domestic oil and gas production, thanks to a series of deregulatory measures (such as approval of new pipelines, less restrictions on shale gas, etc.). Such changes would take years to have much impact on production, and hence it would be years before increased revenues from those production taxes would be available for the Highway Trust Fund. More important, those existing taxes are not highway user taxes. They would apply to all uses of oil and gas: petrochemicals, asphalt, jet fuel, bunker fuel, gas for home heating and cooking, gas for electricity production, etc.-in addition to costing highway users more at the pump.

This same limitation applies to just about anything Congress can come up with-except higher motor fuel taxes (already ruled out) or a new federal toll or mileage-based user fee, such as the proposed toll on all Interstate highway travel recently proposed by Jack Schenendorf in a policy paper for the Association of Equipment Manufacturers. While there is some merit in Schenendorf's proposal, it would amount to a large increase in federal highway user taxes, so it is probably no more likely to pass political muster than a straightforward increase in federal gasoline and diesel taxes.

I can hear my friends at AASHTO and ARTBA saying, "So what? With the highway system needing greatly increased investment, isn't it the amount of spending that counts, not where it comes from?"

And my reply to them is, "Be careful what you wish for."

If Congress institutionalizes a large ongoing revenue stream that comes from non-highway users, it will essentially mean the end of the Highway Trust Fund. And that will have serious negative consequences for the future of infrastructure investment in this country.

Under the Congressional Budget Act of 1974, which generally eliminated "backdoor" spending programs such as contract authority, user-tax-funded trust funds like the Highway Trust Fund are exempt-as long as at least 90% of their spending is based on taxes "related to the purpose for which such outlays are or will be made." A reauthorization bill that added \$15 billion a year to the Highway Trust Fund from general oil and gas taxes would be only about 72% based on highway user taxes, failing the 90% test by a large margin.

In the new era of severe federal fiscal constraint, the best protection for infrastructure funding is user taxes that are dedicated by law to specific infrastructure. There are currently four federal transportation trust funds supported by user taxes-for highways, airports and airways, waterways, and harbor maintenance. Last year's Simpson-Bowles deficit reduction commission recommended increasing those user taxes to make those programs all self-supporting-precisely to insulate them from what will be ever-fiercer competition for general fund monies in the decades ahead. Jettisoning the Highway Trust Fund to get more short-term revenue would be penny-wise and pound-foolish, in my judgment.

In the Reason Foundation policy study I co-authored last year with Adrian Moore, "Restoring Trust in the Highway Trust Fund," we summarized the benefits of the users-pay/users-benefit approach: fairness, proportionality, self-limiting, predictable, and investment-directing. We explained how the users-pay/users-benefit principle has been watered down over the past two decades, and called for strengthening this principle, rather than abandoning it.

Instead of adding non-user-tax revenues to the Highway Trust Fund, a much better approach is to allow states to leverage and supplement their federal funding via beefed-up tolling and finance tools: remove the cap on Private Activity Bonds, mainstream the four federal tolling and pricing pilot programs, and expand TIFIA. These measures will permit states to leverage federal funding to a degree that few people seem to appreciate. If Congress retains the current requirement that a TIFIA loan not exceed 33% of a project's cost (rather than the 50% the Senate bill calls for), the leveraging will be huge. \$1 in TIFIA budget authority equals \$10 in TIFIA loans = \$30 in projects. Thus, the \$1 billion a year in TIFIA budget authority both houses now contemplate would generate up to \$30 billion in projects, per year.

That's the fiscally responsible way to go. And by shifting most large projects to public-private partnership (P3) types of procurement, it would make a large fraction of what the federal government helps to fund "performance-based" in a meaningful sense.

Robert Poole is director of transportation at Reason Foundation (www.reason.org).

Robert Poole is Searle Freedom Trust Transportation Fellow and Director of Transportation Policy

Funding Transportation and the Future of the Highway Trust Fund

Robert Poole

October 5, 2011

The biggest news on federal surface transportation reauthorization is that Rep. John Mica (R, FL), chairman of the House Transportation & Infrastructure Committee, has been given the go-ahead by House GOP leadership to seek additional revenues for the Highway Trust Fund.

Mica's draft bill, which I praised last month for its fiscally responsible approach, called for spending only as much over the next six years as federal highway user taxes bring in, which is estimated to support \$230 billion over the six years from 2012 through 2017. While that is only slightly less than spending under the expired SAFETEA-LU, it is about 30% less than the spending levels of the last two years, which were boosted temporarily by several large infusions of general-fund stimulus money.

Mica's aim of seeking up to \$15 billion a year in additional revenue for the Trust Fund was welcome news to all the groups urging increased highway spending - the American Association of State Highway and Transportation Officials (AASHTO), the American Road & Transportation Builders Association (ARTBA), the U.S. Chamber, and highway contractors. But before advocates of public-private partnerships break out the champagne, I suggest we look before we leap.

A very knowledgeable source tells me the leading candidate being considered at this point is increased revenue from existing taxes on domestic oil and gas production, thanks to a series of deregulatory measures (such as approval of new pipelines, less restrictions on shale gas, etc.). Such changes would take years to have much impact on production, and hence it would be years before increased revenues from those production taxes would be available for the Highway Trust Fund. More important, those existing taxes are not highway user taxes. They would apply to all uses of oil and gas: petrochemicals, asphalt, jet fuel, bunker fuel, gas for home heating and cooking, gas for electricity production, etc.-in addition to costing highway users more at the pump.

This same limitation applies to just about anything Congress can come up with-except higher motor fuel taxes (already ruled out) or a new federal toll or mileage-based user fee, such as the proposed toll on all Interstate highway travel recently proposed by Jack Schenendorf in a policy paper for the Association of Equipment Manufacturers. While there is some merit in Schenendorf's proposal, it would amount to a large increase in federal highway user taxes, so it is probably no more likely to pass political muster than a straightforward increase in federal gasoline and diesel taxes.

I can hear my friends at AASHTO and ARTBA saying, "So what? With the highway system needing greatly increased investment, isn't it the amount of spending that counts, not where it comes from?"

And my reply to them is, "Be careful what you wish for."

If Congress institutionalizes a large ongoing revenue stream that comes from non-highway users, it will essentially mean the end of the Highway Trust Fund. And that will have serious negative consequences for the future of infrastructure investment in this country.

Under the Congressional Budget Act of 1974, which generally eliminated "backdoor" spending programs such as contract authority, user-tax-funded trust funds like the Highway Trust Fund are exempt-as long as at least 90% of their spending is based on taxes "related to the purpose for which such outlays are or will be made." A reauthorization bill that added \$15 billion a year to the Highway Trust Fund from general oil and gas taxes would be only about 72% based on highway user taxes, failing the 90% test by a large margin.

In the new era of severe federal fiscal constraint, the best protection for infrastructure funding is user taxes that are dedicated by law to specific infrastructure. There are currently four federal transportation trust funds supported by user taxes-for highways, airports and airways, waterways, and harbor maintenance. Last year's Simpson-Bowles deficit reduction commission recommended increasing those user taxes to make those programs all self-supporting-precisely to insulate them from what will be ever-fiercer competition for general fund monies in the decades ahead. Jettisoning the Highway Trust Fund to get more short-term revenue would be penny-wise and pound-foolish, in my judgment.

In the Reason Foundation policy study I co-authored last year with Adrian Moore, "Restoring Trust in the Highway Trust Fund," we summarized the benefits of the users-pay/users-benefit approach: fairness, proportionality, self-limiting, predictable, and investment-directing. We explained how the users-pay/users-benefit principle has been watered down over the past two decades, and called for strengthening this principle, rather than abandoning it.

Instead of adding non-user-tax revenues to the Highway Trust Fund, a much better approach is to allow states to leverage and supplement their federal funding via beefed-up tolling and finance tools: remove the cap on Private Activity Bonds, mainstream the four federal tolling and pricing pilot programs, and expand TIFIA. These measures will permit states to leverage federal funding to a degree that few people seem to appreciate. If Congress retains the current requirement that a TIFIA loan not exceed 33% of a project's cost (rather than the 50% the Senate bill calls for), the leveraging will be huge. \$1 in TIFIA budget authority equals \$10 in TIFIA loans = \$30 in projects. Thus, the \$1 billion a year in TIFIA budget authority both houses now contemplate would generate up to \$30 billion in projects, per year.

That's the fiscally responsible way to go. And by shifting most large projects to public-private partnership (P3) types of procurement, it would make a large fraction of what the federal government helps to fund "performance-based" in a meaningful sense.