Mass Transit Losing Gasoline Tax to U.S. Roads Unites Usual Foes

By Lisa Caruso
February 03, 2012 10:22 AM EST

Feb. 3 (Bloomberg) -- The U.S. Chamber of Commerce and the International Brotherhood of Teamsters are among the hundreds of groups setting aside political differences to unite against a proposal to cut mass-transit funding.

The U.S. House of Representatives' Ways and Means Committee is scheduled today to debate and vote on ending a policy, in place for about 30 years, of devoting 2.86 cents of the 18.4- cent gasoline tax paid by U.S. motorists to public transportation. The money would instead go toward keeping a U.S. account for road and bridge construction solvent.

Fuel-tax revenue has been critical for building bus, metro and light-rail systems, said the American Public Transportation Association and Transportation for America, which advocates for alternatives to driving. Removing that funding and replacing it with a one-time $40 billion sum would make it impossible for the U.S. Federal Transit Administration to honor grant agreements, the two Washington-based groups said in a letter signed by more than 500 organizations.

"With record transit ridership, now is not the time to eliminate guaranteed funding for our nation's public transportation systems," groups including the Chamber, the National Association of Realtors and the American Society of Civil Engineers said in the letter to the committee.

One-Time Transfer

The committee proposes transferring $40 billion from the U.S. Treasury's general fund to a new "alternative transportation account" to pay for transit improvements and projects that help reduce air pollution and road congestion.

Reserving almost all gas-tax revenue for highway and bridge projects would cost transit agencies about $25 billion over five years, said Mantill Williams, a spokesman for the American Public Transportation Association.

The U.S. government accounted for 19 percent of transit funding in 2010, according to the FTA's National Transit Database.

The American Association of State Highway and Transportation Officials, which represents 50 state transportation departments, said in a letter it “strongly” opposes the committee plan.

The tax-writing committee is responsible for setting the revenue levels for the five-year highway and transit bill considered by the House Transportation and Infrastructure Committee yesterday.

Insolvent by October

Without additional income, the Highway Trust Fund may be insolvent as soon as October, the Congressional Budget Office predicted this week. The House measure also seeks to finance highway and bridge construction with revenue from expanded oil and natural-gas drilling on government land and offshore.

The $260 billion, five-year bill must be reconciled with a Senate committee’s $109 billion two-year bill before any of the provisions can take effect.

For the first time in his 21-year congressional career, House Speaker John Boehner, an Ohio Republican, said yesterday he plans to vote for a highway authorization bill because it doesn’t have earmarks, projects that are requested by individual lawmakers, often for their districts.

The speaker said he has “never voted for a transportation bill because, typically, it was loaded up with earmarks.”

Democrats on the transportation committee said parts of the more than 800-page bill are written so that they could only be applied to a specific area of the country, making them the equivalent of an earmark.

No Earmarks?

Members including Maryland’s Donna Edwards, Oregon’s Peter DeFazio and Nick Rahall of West Virginia pointed out the example of a proposal for a referendum on funding for a light-rail project valued at more than $1 billion. The only project meeting that description is in Vancouver, Washington.

“It’s an earmark,” Edwards said during a debate over the measure. “If it walks like a duck and quacks like a duck, we might as well call it what it is.”

Republicans argued that the proposal, which was rejected, didn’t allocate money to the project, so by definition it couldn’t be an earmark.

During the day-long committee session, presided over by Chairman John Mica, a Florida Republican, the panel also struck from the bill a measure to allow 97,000-pound trucks on interstate highways and expand use of double- and triple- trailers in states that now allow them.

The vote was a victory for the U.S. railroad industry -- whose chief lobbyist Feb. 1 called killing the provision his top priority -- and a defeat for trucking companies like Con-way Inc. and Werner Enterprises Inc., and shippers including Home Depot Inc. and International Paper Co.

Bridge Damage

Railroads said taxpayers would have to pick up the tab for damage that heavier trucks cause to roads and bridges. U.S. diesel-fuel taxes would have to be raised by about $1 a gallon, to $1.24, to pay it, said Ed Hamberger, president of the Washington-based Association of American Railroads, whose members include Warren Buffett's Burlington Northern Santa Fe and Union Pacific Corp., the largest U.S. railroad by revenue.

The committee also voted to keep language that would give railroads five additional years, through 2020, to meet a government mandate to invest a projected $12 billion in safety technology over 20 years.

Twenty-nine states allow limited numbers of trucks weighing more than 80,000 pounds on their interstate highways, usually by special permit.

The Ways and Means committee bill is H.R. 3864. The transportation committee bill is H.R. 7.

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