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New House Rule Seen Jeopardizing Highway Planning

By Oliver B. Patton, Washington Editor

Republican leaders have decided to change the way the House manages the money in the Highway Trust Fund, a move that highway interests say jeopardizes future infrastructure funding and impedes their ability to put long-term plans into place.

"We lost the battle," said John Horsley, Executive Director of the Association of State Highway and Transportation Officials. He was referencing a last-minute attempt by AASHTO and 20 other trade groups, including American Trucking Associations and the U.S. Chamber of Commerce, to pass an amendment that would have softened the impact of the new rule.

The language of the rule appears simple but has a complex effect. It says that the House cannot consider legislation that will provide spending authority from the Highway Trust Fund or reduce the balance of the fund for any purpose other than activities authorized for highway or mass transit.

The apparent purpose is to preserve Highway Trust Fund money for highway use, but the highway community says the rule will in fact damage highway funding and planning.

Under the old rule, appropriators were required to match the obligation limits set in the current highway program. This was designed to give states the certainty they need to plan for multi-year infrastructure projects, according to a memo on the subject from the House Transportation and Infrastructure Committee.

The new rule does not contain this obligation protection, the memo says. As a result, the House Appropriations Committee can now use the Highway Trust Fund to create a budgetary balance it can use to free up spending in other areas.

"We are disappointed that House Republicans voted to rescind a guarantee that Highway Trust Fund revenues would be spent to fund the critical highway and transit programs that millions of Americans rely on every day," Horsley said. "There are two deficits facing the country today - the federal debt and the deficit in maintaining the infrastructure on which economic recovery depends. In their zeal to address the first issue, the new House leadership has taken action that deepens the second."

In a memo to state trucking association executives, ATA Senior Vice President of Legislative Affairs Mary Phillips described the vote as a fight between the House leadership and appropriators on one side, and authorizers on the other.

"Unfortunately, the Leadership and Appropriators won," she said.

Fuel Tax Dollars

Horsley explained that the new rule means highway users who pay tax dollars at the fuel pump will no longer be assured that their money will go to transportation investments.

"Revenues in the Highway Trust Fund can now be used to disguise federal deficit spending which is used to make expenditures for other programs," he said.

Pete Ruane, President and CEO of the American Road & Transportation Builders Association, sounded an equally ominous note.

"Thirteen years ago, Congressional Republicans and Democrats alike voted overwhelmingly to provide budgetary guarantees that ensured all federal gas and diesel tax user fee revenue collected for the Highway Trust Fund would be invested exclusively and in a timely manner in state highway, bridge and transit improvements," he said in a statement Tuesday.

"Today, House Republicans behind closed doors, in a secret ballot, unilaterally rescinded those guarantees as part of their new House rules package. This is a reversion back to the budget gimmicks of the past that allows the Highway Trust Fund balance to be used to hide the true size of the federal deficit."

The new rule "injects further uncertainty into the already reeling U.S. transportation construction market," Ruane said. "Long-term transportation plans and projects require stable, predictable funding. With multi-year reauthorization of the federal highway and transit programs now more than 15 months overdue, this sends the wrong signal to the states and Wall Street."

The American Highway Users Alliance described the new rule as a "tremendous mistake."

"House Republicans voted to do away with longstanding budgetary firewalls that guarantee multi-year highway funding levels in the annual appropriations bills," Alliance said in a statement. "This loss erodes public trust in the Highway Trust Fund and will destabilize funding for future highway projects and programs."

In the near term, the rule complicates the outlook for reauthorization by signaling a flat-line approach toward highway funding.

Rep. John Mica, D-Fla., the new chairman of the House Transportation and Infrastructure Committee, has said he believes there is a window to get the bill moving in the early part of the year, as long as it is funded by something other than a fuel tax increase. Among the ideas on the table are a percentage sales tax that would rise and fall with the price of fuel, a National Infrastructure Bank, tolling and public-private partnerships, but the mood of the Republican House is to make do with the funds that are available.

Horsley predicted that the next step will be a cut in highway spending. "The next shoe to drop will be to reduce highway spending to 2008 levels, a reduction of about \$2 billion," he said. "Two years out this could lead to a reduction of about \$10 billion. We will be working to convince Congress not to do this, but the loss of this guarantee has been a major setback."

Meanwhile, highway interests will have to pay close attention to what the House Appropriations Committee is doing with respect to transportation appropriations. "We will need to work to make sure that the Appropriators do not reduce the obligation limitation for highways in order to provide higher funding for housing or other non-highway purposes," ATA's Phillips said in her memo.