



Running on Empty: To Prevent Summer Travel Disasters, Congress Must Replenish the Highway Trust Fund

Thursday, June 26, 2014 by Ray LaHood and Ed Rendell

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The summer travel season is under way but instead of smooth sailing on America's roadways, travelers may soon encounter an unexpected roadblock. The nation's Highway Trust Fund—the source of funding for 45 percent of states' share to maintain and improve roads and bridges—is projected to go bankrupt as early as August. Very simply, the revenue coming in to the Trust Fund is no longer sufficient to meet the Trust Fund's spending obligations.

This crisis has been a long time coming. Here is why.

The primary source of revenue for the Trust Fund is the 18.4 cent per gallon gas tax. Because the tax has not increased one penny since 1993, it has lost a third of its purchasing power and is worth only 11.5 cents today. Had it merely kept pace with inflation, it would be 29 cents per gallon today.

To add to the problem, over the past 21 years cars have become much more fuel efficient, and hybrids and electric vehicles that use little or no gas are becoming more popular. Between more fuel-efficient cars and a gas tax that is limping along, the Highway Trust Fund is running on empty.

Imagine if you had to live today on the same salary you made in 1993. The cost of everything has gone up, but your paycheck has not budged. If you went to see one of the most popular movies in 1993—"Schindler's List"—your ticket cost \$4. Today a movie costs three times as much. Back then you bought a gallon of milk for \$2.85, but today it costs \$3.55. Everything from a baseball ticket to college tuition has gone up.

It is obvious that our federal gas tax cannot deliver on a 1993 budget anymore.

It sounds crazy that our Trust Fund could go bankrupt in August, and we won't be able to pay to repair our roads and bridges this summer. It *is* crazy. But unless Congress acts this is exactly what will happen. To prevent insolvency, Congress must inject new revenue into the Trust Fund as soon

as possible. Failure to do so would curtail thousands of critical construction projects all around the country and would kill tens of thousands of middle-class construction jobs, potentially during the peak summer construction season. That would be terrible for our economy, which is just getting back on its feet.

The non-partisan Congressional Budget Office has estimated that to keep the Trust Fund afloat for another year it would need an additional \$15 billion to \$18 billion in revenue.

Congress could stave off this crisis by increasing revenue to the Trust Fund through a modest 10 cent increase in the gasoline tax (just enough to catch up with 20 years of inflation). Such an increase would generate the \$15 billion identified by the CBO to sustain the Trust Fund for another year.

A bipartisan proposal to increase the gas tax was recently put forth by Sens. Chris Murphy (D-Conn.) and Bob Corker (R-Tenn.). They have proposed to increase the gas tax by 12 cents over two years and index it to inflation. This, by itself, would be enough to cover the \$164 billion gap between highway spending and gas tax revenues over the next 10 years.

As former elected officials, we fully understand the difficult politics of raising revenue. But while policy makers in Congress sit on their hands and the Highway Trust Fund runs on fumes, governors and local officials have demonstrated that it is politically possible to make tough decisions and raise money to address transportation challenges.

Governors are overcoming political barriers on gas taxes.

Last year, six governors approved legislation that raised either the state gasoline tax or sales tax—in states led by Democrats and states led by Republicans. The public understands the importance of smart infrastructure spending and approved 91 percent of the ballot initiatives that sought to raise funds in last November's elections. So far this year, an additional six states have introduced bills or put forth proposals to raise their gas tax or index it to inflation.

Our colleagues in state governments are making tough decisions, but Congress always seems to wait for a crisis to reach a boiling point before they act. If they wait much longer, Congress runs the risk that the Highway Trust Fund will go bankrupt. Americans don't need more government gridlock or gridlock on our roads. We need Congress to work together for the sake of our economy and the jobs that transportation funding provides.

Congress must act immediately to keep the Highway Trust Fund from going bankrupt.

The years of kicking the can down the pothole-filled road must end. Congress needs to make a real and sustainable long-term fix for funding America's transportation system. The economic prosperity of our nation depends upon it.