

## **Reauthorization of Federal Surface Transportation Legislation**

- Federal highway and public transportation programs and activities are funded in surface transportation authorization acts. The most recent reauthorization is the Fixing America's Surface Transportation (FAST) Act.
- It was signed into law on December 4, 2015. The FAST Act funds federal highway and public transportation programs through September 30, 2020.
- On August 1, 2019, the Senate Environment and Public Works Committee (EPW), which is the committee in the Senate that has jurisdiction over the construction and maintenance of highways, took the first step toward FAST Act reauthorization.
- EPW reported out of committee, with a unanimous vote, the America's Transportation Infrastructure Act of 2019 (ATIA; S. 2302).
- S. 2302 includes the highway elements of surface transportation reauthorization under EPW's jurisdiction. In the Senate, other elements of reauthorization, such as public transportation, highway safety agencies, rail, and tax revenues, are under the jurisdiction of other committees.
- The bill proposes \$287 billion in Highway Trust Fund contract authority over five years and would be a 27% increase over the five-year funding provided by the FAST Act.
- S. 2302 does not contain a mechanism for paying for the projects authorized in the bill. In other words, there is not a "pay-for" in the bill. The Senate Finance Committee is responsible for determining how the bill would be paid for and at this time, the

Senate Finance Committee has not announced plans on determining what the “pay-for” would be.

- So, it is not clear when S. 2302 will be brought to the Senate floor for debate.
- One section of S. 2302 that is interesting to today’s discussion is Section 1514.
- Funding for the Recreational Trails Program (RTP) is generated from taxes on fuel purchased for non-highway recreational activities. Section 1514 of S. 2302 would authorize a non-highway recreational fuel study and report (occurring consecutively every five years), which would analyze the taxes collected on fuel used in non-highway recreation activities. Such a study could justify significant funding increases for the RTP.
- As for the RTP itself, S. 2302 does not change the authorization for the program. The RTP would continue to function as it currently does.
- In the U.S. House of Representatives, the House Transportation and Infrastructure Committee (T&I) has jurisdiction over surface transportation reauthorization. After recent conversations with T&I Committee staff, it appears that the Committee has begun the process of framing what its version of the surface transportation reauthorization will look like, with the hope that it will be introduced in early 2020. One of the reasons that T&I has not already introduced its legislation is because it is trying to introduce the legislation with the “pay-for” included.
- One consistent issue with surface transportation reauthorization is funding for the Federal Highway Trust Fund.

- Historically, all of the federal highway program and 80% of the public transportation program have been funded with revenues from the Highway Trust Fund. Revenues supporting the Highway Trust Fund come from a combination of fuel, truck, and tire taxes, but the fuel taxes provide about 85%-90% of the money. The excise taxes on gasoline and diesel are fixed in terms of cents per gallon (18.3 cents for gasoline and 24.3 cents for diesel), and do not adjust for inflation or change with fuel prices. The rates were last raised in 1993.
- Increases in fuel consumption kept revenues growing until the recession that began in 2007. Since that time, improving fuel efficiency and slower growth in vehicle mileage have led revenue to level off in most years, and spending from the Highway Trust Fund has consistently outrun highway user revenues. Congress began providing transfers to the Highway Trust Fund to prevent its insolvency.
- The Congressional Budget Office estimates that the Highway Trust Fund has sufficient balances to cover expected outlays through September 2021.
- More money will likely be needed if Congress wishes to continue the highway and public transportation programs at or above their current levels, adjusted for inflation, in a future multiyear reauthorization.
- Various options on how to deal with the Federal Highway Trust Fund issue have been discussed through the years. These vary from devolving federal highway programs from the federal government and returning it back to the states, to eliminating the Highway Trust Fund altogether and paying for highways and transit through the annual appropriations process.

- There have also been numerous options discussed as sources of revenue to help address the Highway Trust Fund shortfall. These range from increasing the fuel tax, taxing electric vehicle drivers for road usage, to tolling.
- So, that is the current status of surface transportation reauthorization legislation.