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TRANSPORTATION: A Bumpy Ride Over Transportation Taxes

Fasten your seatbelts, because next year Washington is due for one of its wild legislative rides. Once every five or six years, Congress crafts a new surface transportation reauthorization bill, which usually turns into a grabfest for members to see how much pork they can take home. The last reauthorization measure—the 1998 bill known as TEA-21—provided \$218 billion for roads, bridges, and mass transit across the nation. Insiders are predicting that the 2003 bill won't be much larger, and that's sure to disappoint those who argue that America faces a big gap in transportation investment.

With so much money on the table, the policy debates are sure to be intense. During the 1998 reauthorization, then-Rep. Bud Shuster, R-Pa., (who chaired the powerful Transportation and Infrastructure Committee) and other transportation advocates succeeded in placing a budgetary firewall around the Highway Trust Fund to ensure that the fund's gas-tax revenues would be used only for transportation. This time around, Washington's transportation groups will be looking to maintain that firewall and to protect the fund from being raided—an effort that is sure to anger the congressional appropriators who want to reassert their influence over how the money will be spent.

The big issue will be whether interest groups can find new revenues to produce another hefty bill. These groups say that the country faces a transportation investment gap, and they point to government studies showing that just to maintain the present system, highway spending should be almost \$50 billion per year and public transit spending \$11 billion per year.

Current annual outlays in highway and transit spending, however, are \$32 billion and \$7 billion, respectively. To bridge the gap, some groups are proposing tax increases to pump new money into the Highway Trust Fund. The billion-dollar question is whether the Bush administration and Congress would go along with a tax hike.

Associated General Contractors of America

As Washington's largest construction-trade association, the AGC represents more than 30,000 firms, about 10,000 with some role in the transportation business. And it's this size and reach that make the association so influential; the AGC says it has members in every congressional district. "That's deep grassroots," says Stephen Sandherr, the group's CEO.

The AGC's members would profit greatly from increased transportation spending, and the association has set its sights on a substantial reauthorization bill. To come up with the revenue, the group proposes tying the federal gasoline tax—currently 18.4 cents a gallon—to

the Consumer Price Index. The AGC says that the new formula would produce \$15 billion more in revenue over the next six years. To get another \$5 billion, the group has suggested making the adjustment for inflation retroactive to 1997.

Sandherr says his group is trying to sell the proposal by reminding members of Congress about the nation's vast transportation needs. "We've got credibility," he said. "We don't fudge our numbers." Sandherr says that his organization will be tapping into its extensive grassroots network of AGC members-general and specialty contractors as well as suppliers. "We are going to get them ginned up."

American Road & Transportation Builders Association

If the AGC is the big guy on the block in the construction community, then ARTBA definitely is the smaller and more vocal kid who likes to prove he's the toughest in the neighborhood. Therefore, it's not surprising that this group, which represents more than 5,000 members involved in transportation construction, has rolled out a daring proposal to pay for new transportation investment: It wants to raise the federal gasoline tax by 10 cents per gallon.

ARTBA's "Two Cents Make Sense" plan would hike the gas tax by two cents per year over the next five years, producing nearly \$60 billion for highways by fiscal 2009 and almost \$14 billion for public transit. The administration is unlikely to support such a plan, and a recent defeat of a similar referendum to increase gas taxes in Washington state has seemed to dampen ARTBA's ambitious proposal.

But the association isn't giving up. It says it plans to educate members of Congress about the country's transportation needs, and it's already knocking on doors on Capitol Hill to get key members behind the proposal. In addition, ARTBA is preparing to launch an advertising blitz with the message that increased transportation spending will save lives by reducing highway deaths and help the economy by creating more jobs.

"We have a few cards we haven't played yet," said Pete Ruane, ARTBA's president and CEO, in reference to this blitz.

U.S. Chamber of Commerce

About two years ago, Ruane approached chamber President and CEO Tom Donohue about becoming an ally and a key player in the transportation funding debate. Ruane and other advocates for transportation spending thought it would be important to tap into the chamber's impressive lobbying and grassroots networks. They also thought that it would be far more effective to have the entire business community leading the charge-instead of the usual asphalt-and-pavement gang. That led to the creation of a new chamber-led coalition group, Americans for Transportation Mobility.

The coalition seeks to fight for more government investment in transportation, which means a hefty authorization bill next year. Currently, the coalition includes about 350 members, including such transportation-sector heavyweights as ARTBA, the AGC, the Air Transport Association, and the American Public Transportation Association. In a strange-bedfellows alliance, the chamber was able to rope in such key groups in organized labor as the Teamsters, the United Brotherhood of Carpenters and Joiners of America, and the Laborers'

International Union of North America. Ed Mortimer, a former ARTBA lobbyist, is managing the coalition. Chamber transportation lobbyist Ashley Miller will play a key role in twisting arms on Capitol Hill.

As the chief organization representing America's business community, the chamber has enormous clout inside and outside Washington. But the chamber's heavy involvement in the transportation funding battle also presents a problem: Business has never been enthusiastic about tax increases, and that's a key reason the chamber hasn't endorsed any plan that would increase gas taxes. Still, the chamber and its new coalition will be pushing for

increased transportation spending. "We want to increase investment and utilize all the revenue in the trust fund," Mortimer said. The coalition will be working to spread this message not only to Congress but also to state and local chambers of commerce.

American Public Transportation Association

In the reauthorization debate, highways tend to get most of the attention, but mass transit also has an integral role. Washington's chief player in transit is APTA. This association represents about 1,500 members—from bus, rapid transit, and commuter rail systems to the unions and local organizations responsible for planning, building, and running these systems.

Like the other transportation interest groups, APTA wants a large reauthorization bill, because the bigger the entire pie, the bigger the slice that goes to public transit. In October, APTA President William Millar announced that his group's reauthorization proposal is to double federal transit spending from today's \$7 billion a year to more than \$14 billion by fiscal 2009. "You can't expand the system unless there is more investment," he said. "It needs more money, and we are not shy about saying that." Like the chamber, however, APTA hasn't yet taken a position on the best way to increase the government money available for surface transportation. Instead, APTA has formed a revenue task force to identify a preferred funding mechanism, and the task force's recommendations are due to be released in December.

APTA has positioned itself to do well in the reauthorization fight. It has natural allies among liberals and environmentalists who favor mass transit, and by dint of its membership in the chamber coalition, it has a cozier relationship with the highway gang.

Surface Transportation Policy Project

This group is the environmental enforcer in transportation reauthorization debates. STPP—whose steering committee includes members of the Sierra Club, Friends of the Earth, and the Natural Resources Defense Council—defines its mission as working to protect the environment, conserve energy, and make communities more livable. In other words, STPP wants to curb urban sprawl.

One of the group's top goals in next year's reauthorization battle is to strengthen the environmental laws and regulations that govern transportation construction. On this point, STPP will be lining up against groups such as the AGC, ARTBA, and the chamber, which want to cut some of the government red tape they say stalls construction of new roads and

bridges. STPP says that the pro-construction groups want to gut these environmental laws.

The STPP wants more resources devoted to improving mass transit and fixing existing roads, not funding projects that add more asphalt and concrete to our highway system. Therefore, STPP is reluctant to support methods that produce additional transportation revenue until there is better accountability of how these huge sums are spent.

The STPP usually wields a lot of influence within the Senate Environment and Public Works Committee (the transportation bill's authorizing committee in the Senate), because many of the senators on the panel have traditionally hailed from the more liberal and public-transit-minded Northeast. The November elections, however, brought bad news for the STPP: With the GOP in control in the Senate, the committee's new chairman is Sen. James M. Inhofe, R-Okla., a pro-development conservative who won't be as environment-friendly as past chairmen. Yet Kevin McCarty, the group's senior director of federal policy, notes that the STPP has always had its work cut out for it in any reauthorization debate. He says that some of the issues the STPP has raised over the years "have not reached the level of attention that they deserve."

Mark Murray
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