



## KICK THE CAN

By a vote of 385 to 34 the House of Representatives agreed on a bill that kicks the can down the road once again as politicians so often do. They provided spending authority for transportation programs through Oct. 29<sup>th</sup>. The bill replenishes the Federal Highway Trust Fund with \$8 billion. It is projected that this bill will provide funds to keep highway and transit aid cascading into state coffers through mid-December 2015. This will be the 34<sup>th</sup> time an extension has been used to provide a short term remedy to dodge a true solution.

To get the votes this time politicians from both sides of the aisle used a need to fill a \$3.4 billion hole in the Veterans Affairs' budget to get the job done. The \$3.4 billion was needed to plug a gap that could have caused Veterans Affairs to force the closure of hospitals and clinics nationwide.

President Obama, who has long pushed for a multi-year highway bill, said he had no choice but to sign the short-term measure to prevent an interruption of money for roads and bridges during the busy summer construction season. The President stated "We can't keep on funding transportation by the seat of our pants." Obama told reporters "That's just not how the greatest country does business. I guarantee you that's not how China, Germany and other countries around the world handle their infrastructure."

The Highway Trust Fund provides about 25% of all transit and highway financing nationwide. James Burnley, Secretary of Transportation from 1987 to 1989 said that recent short-term funding "creates inefficiencies, and requires the states to do additional planning and scrounging around for resources."

Republican leaders in the House and Senate are at odds over how to cover an estimated \$16 billion shortfall in transportation funding, and Capitol Hill has been unable to solve the issue for a decade.

From its inception until 2008, the Highway Trust Fund was designed to be a self-contained program, funded by taxes on tires, commercial vehicles, and most of all, gasoline. The federal gas tax was raised a handful of times through the years to meet the Trust Fund's needs. However, the desire to reduce taxes including those on gasoline coupled with opposition to the portion of the gas tax that goes to mass transit and other non-highway projects resulted in strong opposition to these taxes. With less driving being done during the 2007 financial crisis and increased fuel economy the unfunded gap widened.

The trucking industry supports a gas-tax hike, but nearly nobody else does, including President Obama. The solution would appear to be a true user fee based on miles driven. Such a system would more fairly assess fees for drivers of hybrid and electric cars, who now contribute little or nothing to highway maintenance. Oregon recently launched such a program. However, while considered fair, implementing this type of initiative at the national level would take considerable time and investment and most importantly would require consensus among politicians which is something that does not exist today.

*For more information on how Data2Logistics can help you to reduce your transportation costs please contact Bob Newcom, Executive Director of Professional Services at [bob.newcom@data2logistics.com](mailto:bob.newcom@data2logistics.com) or +1 239 425 8065.*