

Federal Authorization Update

Mississippi Valley Freight Coalition
Annual Meeting and Conference

Kansas City

April 16, 2009

Leo Penne

AASHTO

This way to Authorization



Switches and Sidings

- **Stimulus**
- **Climate Change and Energy**
- **Trust Fund Depletion**
- **Administration's Budget Proposal**
- **September 30**
- **2010 Cliff**

Dark Territory

- **Vision**
- **National Purpose**
- **Federal Role**

Gas Tax

"Life may not be the party we hoped for, but while we are here we might as well dance..."

AASHTO Freight Recommendations

National Freight Transportation System

Establish a framework for freight policy, planning, operations, and investment by better defining the nation's freight transportation system, the demand for freight transportation, and the associated infrastructure requirements.

Freight Corridor Organizations

Authorize funding to support state-driven multistate, multimodal corridor planning and investment organizations

State Freight Transportation Program

Authorize a state-administered freight transportation program within the Highway Trust Fund funded at \$18 billion for six years, apportioned annually to states

National Freight Corridors Investment Fund

Authorize investment fund for freight related projects on national freight corridors to total \$42 billion over six years (revenues from new sources-- half apportioned to states, half allocated to fund national projects from a fund administered by US DOT.

New Sources of Revenue

From resources outside the Highway Trust Fund (HTF), authorize new sources of revenue for investment in freight transportation infrastructure

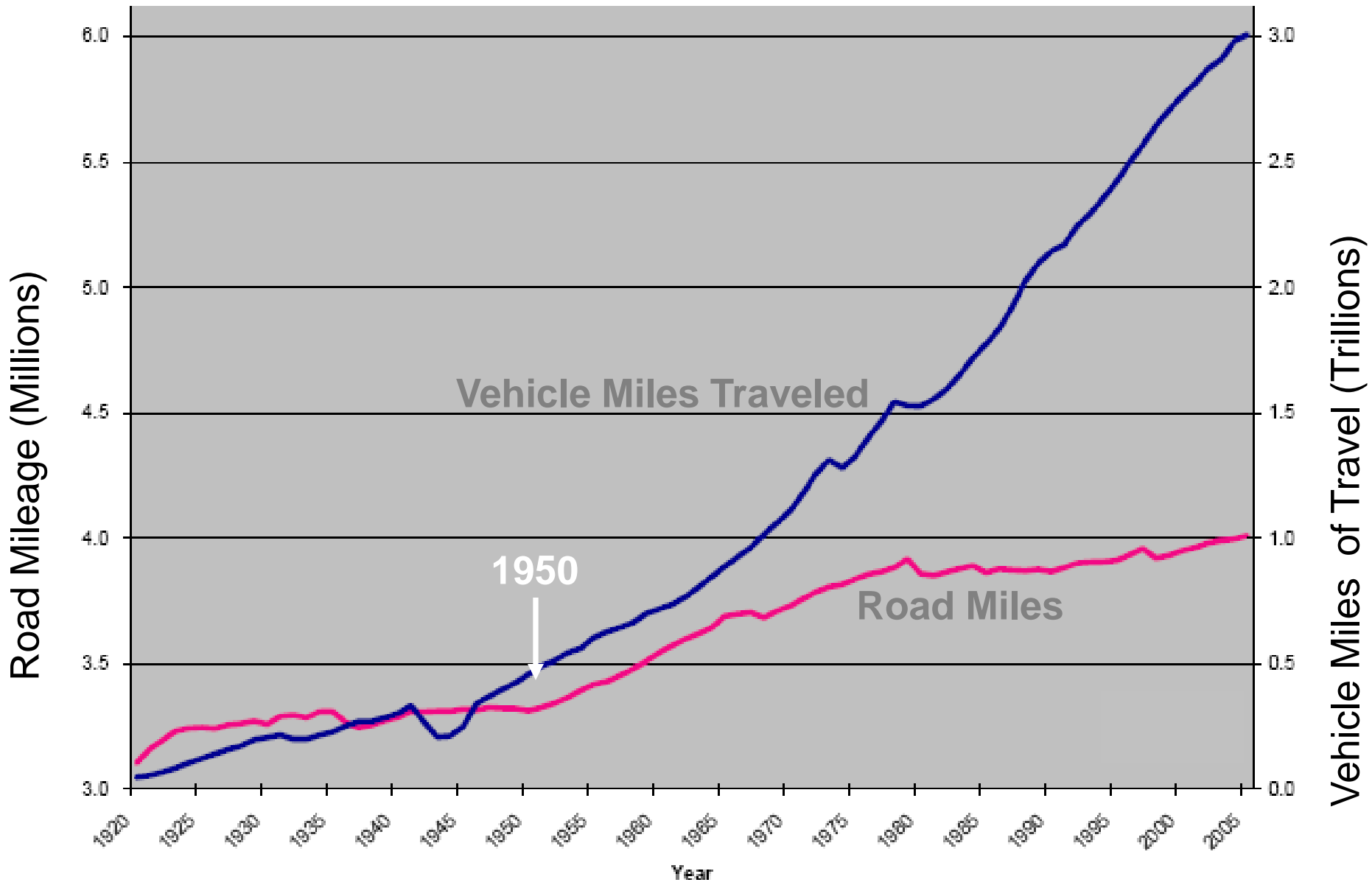
Existing Programs

Reauthorize Freight Transportation Programs Authorized in SAFETEA-LU.

Other AASHTO Recommendations

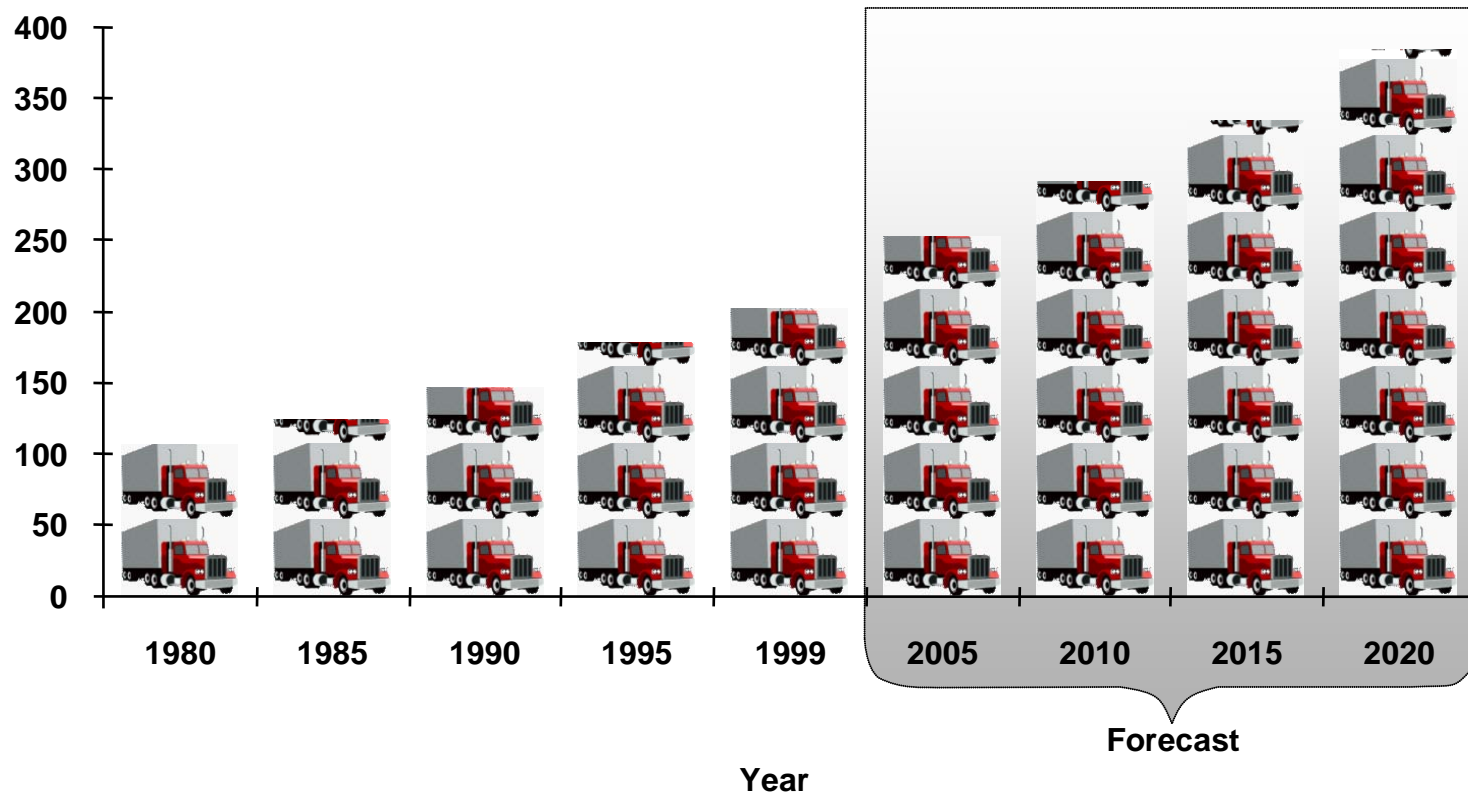
Support positions on freight transportation taken by other policy teams, standing committees, and the AASHTO Board of Directors

Why Worry?



US Projected Large Truck VMT Increase

Truck VMT (in Billions)

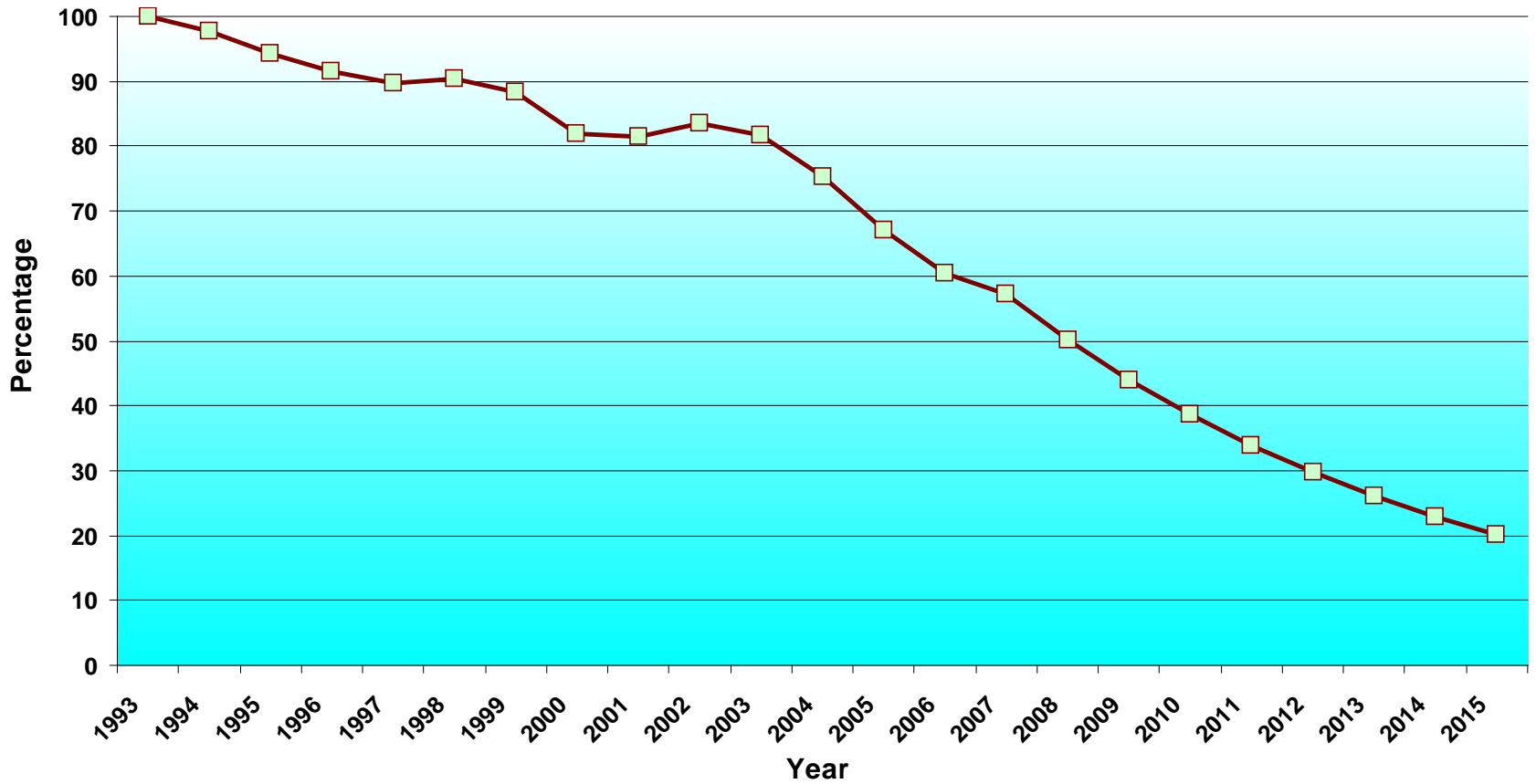


[‡]Trucks includes both single-unit vehicles with 2-axes and 6 or more tires and combination vehicles.

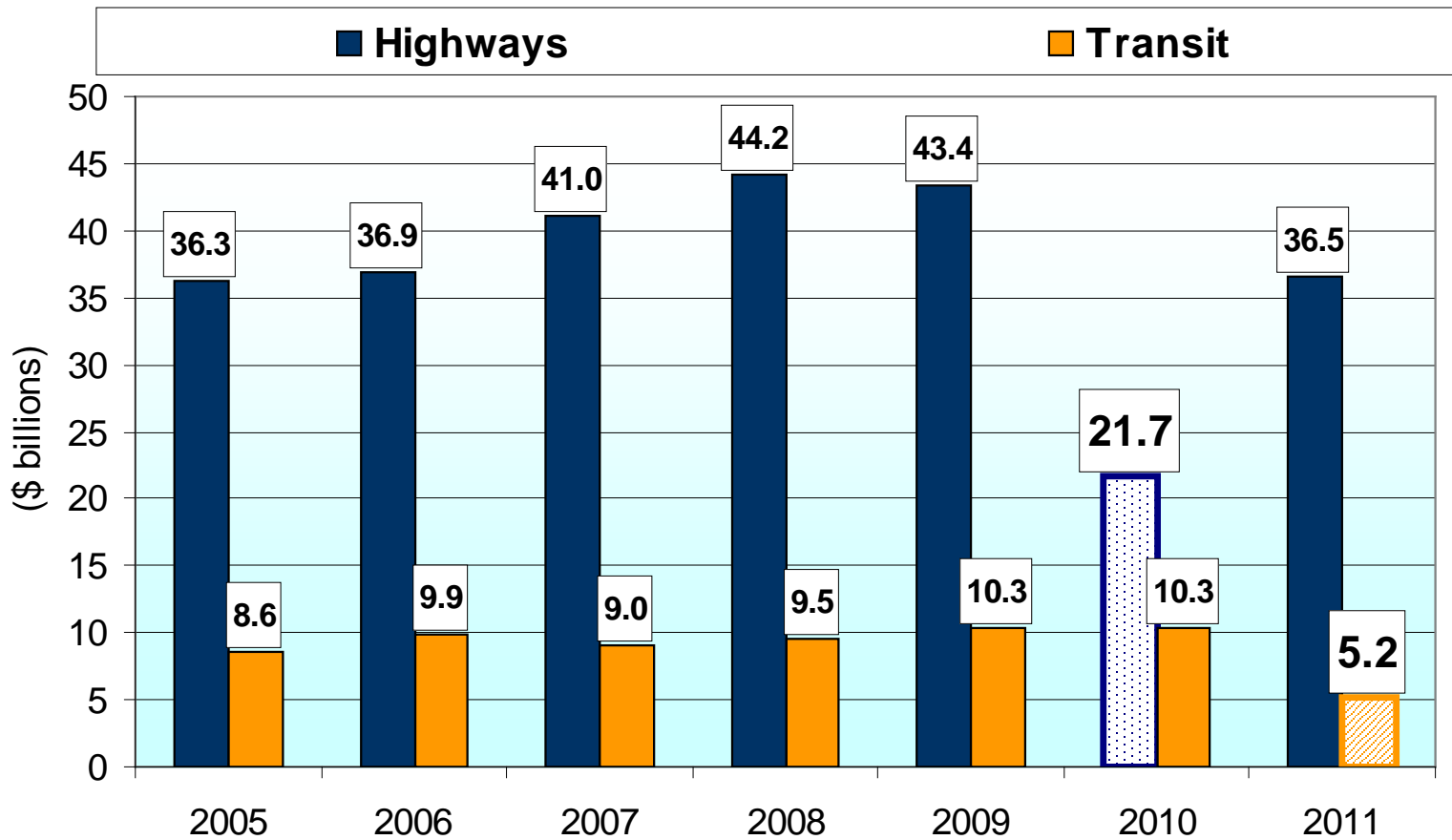
*Preliminary forecast generated for FHWA, Office of Policy, by WEFA, Inc.

Decline in Purchasing Power of Motor Fuel Taxes

(Based on Inflation since 1993)



Reduced Highway and Transit Program Levels Beyond 2010



\$

Economic Recovery \$787 billion

U.S. DOT \$48 billion

- \$27.5 billion for highways.
 - \$1.5 billion big projects
 - \$8.4 billion for transit.
 - \$1.3 billion for Amtrak
 - \$1.1 billion for airports
 - \$8 billion for intercity rail
- +USACE

Financing Recommendations

Between 2010 and 2015, in order to invest in a robust surface transportation program to meet significant national needs, Congress should fund a \$545 billion multimodal program comprised of:

- **Highway program funded at \$375 billion**
(2015 level = \$75 billion)
- **Transit program funded at \$93 billion**
(2015 level = \$18.5 billion)
- **Freight program funded at \$42 billion**
(2015 level = \$9 billion)
- **Intercity passenger rail program funded at \$35 billion**
(2015 level = \$6.5 billion)

Recommendations *cont.*

Maintain the current federal and state shares for highway and transit capital programs.

Eliminate or drastically limit earmarking in federal transportation programs.

Develop policies that support maximum flexibility to allow for use of both conventional and innovative funding and financing tools.

Recommendations *cont.*

Create a Commission to recommend to Congress periodic adjustments for revenues necessary to meet program needs.

Adopt a long-range approach to funding the surface transportation system that gradually moves away from dependence on the current motor fuels tax to a distance-based direct user fee such as a fee on vehicle miles traveled.

Assure that any climate change legislation that creates a new revenue source, either through a carbon tax or cap-and-trade, provides substantial funding for transportation.

Proposed Program Funding Levels to Restore Purchasing Power

Potential Program Name	2010	2011	2012	2013	2014	2015	TOTAL
Preservation and Renewal	\$28.00	\$30.80	\$33.60	\$36.40	\$39.20	\$42.00	\$210.00
Highway Freight (Based on Existing Revenues)	\$2.40	\$2.64	\$2.88	\$3.12	\$3.36	\$3.60	\$18.00
Highway Safety Improvement Program	\$2.60	\$2.86	\$3.12	\$3.38	\$3.64	\$3.90	\$19.50
Operations	\$2.40	\$2.64	\$2.88	\$3.12	\$3.36	\$3.60	\$18.00
Transportation System Improvement/Congestion Reduction	\$11.10	\$12.21	\$13.32	\$14.43	\$15.54	\$16.65	\$83.25
Environment Program	\$3.50	\$3.85	\$4.20	\$4.55	\$4.90	\$5.25	\$26.25
TOTAL - Highways	\$50.00	\$55.00	\$60.00	\$65.00	\$70.00	\$75.00	\$375.00
TOTAL - Transit	\$12.5	\$13.7	\$14.9	\$16.1	\$17.3	\$18.5	\$93.00
TOTAL - Freight (Based on New Revenues Outside of Highway Trust Fund)	\$5.0	\$5.8	\$6.6	\$7.4	\$8.2	\$9.0	\$42.00
TOTAL - Intercity Passenger Rail	\$5.0	\$5.3	\$5.6	\$5.9	\$6.2	\$7.0	\$35.00
GRAND TOTAL	\$72.50	\$79.80	\$87.10	\$94.40	\$101.70	\$109.50	\$545.00

Surface Transportation Funding Options Matrix (all revenue estimates in \$millions)

Funding Mechanisms	Mechanism Yield (2010)	Illustrative Rate	Annual Revenues 2010	Average Annual Revenues 2010-2015	Total Revenues 2010-2015
Annual Highway Miles Traveled Fee (Cars Only)	1¢/VMT = \$ 17,298	1.0¢	\$ 17,298	\$ 17,616	\$ 105,696
Annual Highway Miles Traveled Fee (All light duty vehicles)	1¢/VMT = \$ 27,610	1.0¢	\$ 27,610	\$ 28,682	\$ 172,094
Annual Highway User Vehicle Fee	\$1.00 Fee = \$ 263	\$1.00	\$ 263	\$ 275	\$ 1,652
Carbon Tax or Cap And Trade Auction Proceeds	1¢/gal or equiv = \$ 553	30.0¢	\$ 16,594	\$ 17,250	\$ 103,501
Container Tax	\$1 per TEU = \$ 57	\$20.00	\$ 1,137	\$ 1,336	\$ 8,013
Diesel Tax Increase Plus Indexing	1¢/gal = \$ 411	13.0¢	\$ 5,337	\$ 5,976	\$ 35,856
Existing Highway Trust Fund Sources			\$ 40,566	\$ 42,569	\$ 255,413
Gas Tax Increase Plus Indexing	1¢/gal = \$ 1,380	10.0¢	\$ 13,796	\$ 15,082	\$ 90,489
General Fund Support for Intercity Passenger Rail			\$ 3,000	\$ 3,000	\$ 18,000
General Fund Transfers for Transit			\$ 3,167	\$ 3,167	\$ 19,000
Index Existing Highway Trust Fund Sources Beginning in 2010			\$ 791	\$ 3,032	\$ 18,192
Index Heavy Vehicle Use Tax Retroactively to 1997			\$ 411	\$ 536	\$ 3,217
Interest on Highway Trust Fund Balances			\$ 200	\$ 200	\$ 1,200
Motor Fuel Tax Exemption Reimbursement (Retroactive and Future)			\$ 1,057	\$ 1,099	\$ 6,593
Sales Tax on Motor Fuels	1.0% of Sales = \$ 6,136	2.5%	\$ 15,340	\$ 15,658	\$ 93,949
Share of US Customs Revenues	1% of Receipts = \$ 314	5.0%	\$ 1,570	\$ 1,817	\$ 10,904
Tax Credit Bonds for Highways and Transit			\$ 8,333	\$ 8,333	\$ 50,000
Tax Credit Bonds for Intercity Passenger Rail			\$ 4,167	\$ 4,167	\$ 25,000
Ton Freight Charge -- All Modes	1¢/ton = \$ 162	10.0¢	\$ 1,617	\$ 1,801	\$ 10,804
Ton Freight Charge -- Truck Only	1¢/ton = \$ 111	10.0¢	\$ 1,115	\$ 1,242	\$ 7,452
Ton-Mile Freight Charge -- All Modes	1¢/ton-mile = \$ 42,763	0.1¢	\$ 4,276	\$ 4,763	\$ 28,579
Ton-Mile Freight Charge -- Truck Only	1¢/ton-mile = \$ 12,516	0.1¢	\$ 1,252	\$ 1,394	\$ 8,365
US Freight Bill -- All Modes	1% of Sales = \$ 7,708	1.0%	\$ 7,708	\$ 8,585	\$ 51,513
US Freight Bill -- Truck Only	1% of Sales = \$ 6,497	1.0%	\$ 6,497	\$ 7,237	\$ 43,420
Vehicle Sales Tax on New Passenger Cars/Light-duty Trucks	1% of Sales = \$ 4,853	2.0%	\$ 9,707	\$ 10,812	\$ 64,870
Vehicle Sales Tax on New/Used Passenger Cars/Light-duty Trucks	1% of Sales = \$ 9,012	2.0%	\$ 18,024	\$ 20,077	\$ 120,461
Total Revenues			\$ 210,831	\$ 225,705	\$ 1,354,232

Performance-Based Program

Establish National Goals

- National goals should be established in six areas including ***safety, preservation, congestion, system operations, freight and environment.*** For safety, the congress should enact the national goal of halving fatalities in two decades.
- Authorization legislation should direct AASHTO and APTA in consultation with the MPOs, and the U.S. DOT to establish national performance goals for each of the other five areas by two years after enactment.

State Driven Performance Management Approach

- Each state adopt state developed performance targets for State selected measures in each of the six key national goal areas.
- Changes to the eight planning factors to be goal oriented objectives are recommended.
- This is all it takes to integrate the concept into the current planning and programming requirements

State Measurements and Reports

- Each state will be called on to develop a process to track and report on performance results in each of the six key national goal areas of safety, preservation, congestion, system operations, freight/economic development, and environment.
- AASHTO must recommend a process by which states self-define a set of measures and targets that would work in their unique context rather than have measures and targets imposed through some other process including federal statute, regulation or funding distribution.

State Measurements and Reports (Continued)

- ***Establish a Performance-Oriented Pilot Program***, similar to what USDOT has recently proposed for those states and metropolitan areas that have established and met performance measures and targets in the six national goal areas that are acceptable to the USDOT.
- Regulatory relief and funding flexibility would be provided in terms of planning requirements, conformity requirements, 4(f) requirements, and engineering oversight.
- Ten states are eligible in the first two years, an additional 15 in the next two years and no limit on the numbers from then on.

Goals Aligned with Federal Purpose and Performance Areas

- Enhance economic competitiveness, interstate commerce and national defense thru an enhanced freight system
- Reduce congestion and improve urban and rural accessibility and connectivity using multimodal transportation solutions
- Support system reliability, national security, and natural disaster response through enhanced system of operation and management
- Enhance the environment and community quality of life

MVFC Reauthorization

- Unique economy?
- Unique transportation approach?
- Funding apportionment?
- Projects of national/regional significance?
- Aggressive national freight rail policy?
- Invest in maritime?

Answers

www.transportation.org

www.freight.transportation.org

lpenne@aaashto.org