



NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

**STATEMENT FOR THE RECORD BY
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MARYLAND HOUSE OF DELEGATES
AND
SENATOR CAM WARD,
ALABAMA SENATE**

Co-Chairs of the Natural Resources and Infrastructure Committee,
National Conference of State Legislatures

ON BEHALF OF THE
NATIONAL CONFERENCE OF STATE LEGISLATURES

LONG TERM FINANCING OF THE HIGHWAY TRUST FUND

TO THE
COMMITTEE ON WAYS AND MEANS,
UNITED STATES HOUSE OF REPRESENTATIVES

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On behalf of the National Conference of State Legislatures (NCSL), a bipartisan organization representing the 50 state legislatures and the legislatures of our nation's commonwealths, territories, possessions and the District of Columbia, we applaud Chairman Ryan, Ranking Member Levin, and the other distinguished members of the House Ways and Means Committee for making this hearing a priority. It represents a key step in examining the need for federal transportation infrastructure investments. It is important that all parties, including state legislatures, work together to ensure a safe and reliable surface transportation system throughout the country.

As you know, on August 1 the highway account of the Highway Trust Fund (HTF) is forecast to fall below the critical \$4 billion funding level. This will likely result in the U.S. Secretary of Transportation employing certain cash management strategies that could both delay or reduce reimbursements to states for critical surface transportation infrastructure projects. NCSL urges Congress to ensure the continued solvency of the Highway Trust Fund (HTF), while committing to adopt a long-term agreement on surface transportation funding as part of a multi-year reauthorization of the Moving Ahead for Progress in the 21st Century Act (MAP-21).

Although the enactment of MAP-21 in 2012 put a brief end to the numerous short-term extensions that followed the expiration of the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) in 2009, it unfortunately appears that Congress is returning to this pattern. The uncertainty that pervades short-term extensions makes it extremely challenging for states to adequately plan and achieve their performance targets especially because many transportation infrastructure projects require a multi-year commitment. This uncertainty has already caused some states to defer projects. These delays have a harmful impact on a state's economy. It is difficult to overstate the negative state impacts this uncertainty creates.

Despite federal inaction, over the past two and half years, state legislators in more than a quarter of states, from Maryland and Virginia to Iowa and South Dakota, have stepped forward and invested billions of dollars to repair and upgrade our nation's surface transportation assets to ensure their continued safety and viability. However, the significant steps taken by many states must not be misconstrued. NCSL is a strong supporter of the federal government's role in a

national surface transportation system that facilitates interstate commerce, addresses fairly and equally the mobility needs of all Americans and meets our national defense needs. We would also stress that NCSL supports the continuation and preservation of a federal-aid surface transportation program that directs spending to national priorities while providing flexibility for states to address regional variations. The federal program should provide states maximum flexibility in deciding how to generate and leverage transportation revenues and how to use state and federal dollars. The ability of states to maintain flexibility in decision making and comply with environmental and other mandates depends on regulatory flexibility as well as adequate and reliable federal funding.

Revenues for our transportation system continue to decline as vehicles become more fuel efficient and travel patterns change nationwide. The American Society of Civil Engineers has estimated America's surface transportation infrastructure faces a funding gap of about \$94 billion a year based on current spending levels.¹ Taking all of this into account, NCSL urges Congress to work closely with states to develop a new shared, long-term vision for financing and funding our nation's surface transportation systems, one that will enhance the nation's prosperity, the quality of life of all Americans and guide it beyond the Interstate Highway era into the 21st century. NCSL believes that Congress must:

- Provide a short term increase in federal highway transportation funding, based on the current status of the Highway Trust fund, so that sufficient funds are available for the next authorization until a new, more stable long-term funding mechanism for surface transportation can be put in place.
- Examine innovative funding systems that capture all system users and encourages pilot programs in states for experimentation with approaches, methods and mechanisms. Any system must ensure both the privacy of users and provide maximum flexibility for states in the use of funds they receive from the HTF.
- Approve the creation of a \$20 million program, with no more than \$2 million available for allocation to any one state, to support state-level pilot programs that explore transportation funding alternatives to fuel taxes.

- Migrate the Highway Trust Fund (HTF) from a gas tax to a new national funding stream. A federal trust fund financed by user fees, should be retained as the primary method of funding federal-aid surface transportation programs. It must provide states a sustained, reliable source of transportation funding.
- Make all funding and financing options available to state legislatures for state and federal-aid surface transportation programs. Statutory and regulatory barriers to state and locally-generated revenues should be removed, including all current federal restrictions on states' authorities to toll, to allow states to optimize resources for capacity expansion, operations and maintenance, while ensuring free flow of goods and people.
- Encourage and expand incentive-based programs in order to spur local and regional transportation innovation in full coordination with state authorities. A comprehensive approach would promote the use of tolling, congestion pricing, public transit, telecommuting, real-time traffic and other advanced technologies (also known as intelligent transportation systems), and other strategies to achieve interstate mobility goals through urban congestion reduction.
- Ensure states have continued flexibility to create legislative and programmatic frameworks for Public Private Partnerships (PPPs) and full authority to select and engage in PPP projects. While the level of private sector participation is best determined by state and local authorities, federal guidelines should be designed to accommodate private sector support, although private participation should not be a prerequisite for receiving federal funds.
- Continue credit-based and loan guarantee programs, including the Transportation Infrastructure Finance and Innovation Act (TIFIA), Grant Anticipation Revenue Vehicles (GARVEE), private activity bond, and State Infrastructure Bank (SIB) programs, in order to incentivize private sector investment—particularly for freight mobility by rail, highway and waterway—in projects sponsored by the public sector.

- Provide incentives and adequate funding for mass transit.
- Avoid the expansion of federal-local funding streams without appropriate coordination with state legislatures as these complicate state-local relationships, financial arrangements, and state match expectations for transportation programs.

NCSL appreciates the opportunity to submit testimony on this important issue before the Committee. We respectfully request it be submitted for the record along with NCSL policies on surface transportation.

Appendices:

NCSL Surface Transportation Federalism Policy Directive

NCSL Solving America's Long Term Funding Crisis Policy Resolution

¹ American Society of Civil Engineers. "2013 Report Card for America's Infrastructure." May 2013. <http://www.infrastructurereportcard.org/>