



# A TRANSPORTATION SYSTEM FOR THE 21<sup>ST</sup> CENTURY

### Issue Description

The Surface Transportation Program as embodied and enacted in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users of 2004 (SAFETEA-LU) has lost its way and does not meet the complex needs of the U.S. transportation system. The scheduled 2009 reauthorization is an opportunity to reorganize and refocus the current program to meet pressing transportation infrastructure requirements.

### State Concerns

States need a stable and substantial federal transportation program to supplement robust, but distressed state efforts. Currently, state and local governments generate 78 percent of all transportation funding in the United States, but state transportation revenues are flat or declining due to heavy reliance on the now anemic state gas tax. Revenue losses have reduced both maintenance of existing facilities and construction of new projects. A decrease in driving, coupled with increased use of more fuel-efficient vehicles has further reduced fuel tax collections, while construction costs have skyrocketed.

### NCSL Position

A new national vision for surface transportation is needed to guide our nation's transportation system beyond the Interstate Highway era into the 21<sup>st</sup> century and the needs and challenges that lie ahead. This next authorization should focus federal funds on national priorities involving the interstate mobility of people and goods. NCSL anticipates that a rejuvenated national vision and purpose for the program will work toward eliminating the donor-donee funding debates that have characterized past authorizations and will inspire all Americans, all sectors of the economy, and all states – through their congressional delegations – to contribute to that national goal.

First and foremost, Congress must work with state legislators to establish, in the next authorization, a robust and cooperative state-federal system to set plans and priorities for federal investment. All funding and financing options must be available to state legislatures for state and federal-aid programs and in doing so, Congress should heed the Tenth Amendment and not intervene in or interfere with state-specific transportation priorities. In particular:

- *Infrastructure Investments:* NCSL calls on Congress to increase significantly federal investments for highway and rail infrastructure and provide states added flexibility to improve intermodal connectors and surface transportation systems near the nation's ports.
- *Financing Alternatives:* NCSL urges the creation of pilot alternative funding programs. Options include: a vehicle miles traveled (VMT) system, freight surcharges, container taxes, and customs fees.
- *Gas Tax:* NCSL supports an increase in the federal gas tax, in the short term, to provide sufficient funding for the next authorization until a new national funding stream can be put in place. Transit agencies, including commuter rail operations, should be exempt from the federal fuel or energy taxes.
- *Tolling:* NCSL urges the removal of all current federal restrictions on states' authority to toll so that states can optimize resources for capacity expansion, operations, and maintenance while ensuring free flow of goods and people. Tolling, value-pricing, and public-private partnerships (PPPs) should remain state provinces and are not appropriate federal funding mechanisms.

- *Environmental Protection:* NCSL urges the federal government to allow the current environmental rules under SAFETEA-LU to remain in effect through the next authorization and be thoroughly evaluated so as to inform mid-course corrections in any technical corrections bill or for more substantial reform in the subsequent authorization.
- *Planning:* NCSL supports a negotiated rule-making led by the U.S. Department of Transportation, or another collaborative process congressionally mandated and facilitated by the Transportation Research Board or the American Association of State Highway and Transportation Officials, in which NCSL and state legislatures are fully represented to determine the necessary level of and standards for uniformity among states in data collection efforts.
- *Performance Measures:* NCSL supports a pilot program to gauge the success of using performance standards in the project selection and completion process.
- *Safety:* Federal transportation safety programs should provide funding to promote comprehensive safety programs in the states. Necessary modifications should be made in federal safety grants programs to permit the maximum number of states to qualify, with the level of annual appropriations being adequate to fund grants to all states that qualify.
- *Research:* NCSL supports federal research that promotes fuel efficiency, alternative fuels, high-mileage vehicles, safety, and technology. Findings and best practices identified through federal research should be shared fully with states in an unbiased, nonpartisan, and scientific manner.

### **State Activity**

To fill the gaps discussed above, states have turned to toll roads, public private partnerships, innovative financing, and congestion pricing. Many states have implemented efficiency and accountability programs to stretch scarce dollars and others have applied operations and management efforts to better utilize existing infrastructure. Vehicle fees, sales tax, severance tax, development impact fees and special districts assessments are among the revenue sources states and local governments continue to increase to meet needs. Looking forward, a number of states are considering a mileage fee to eventually replace the gas tax. These state and local efforts will be enhanced by a strong federal partner, making a commitment to national priorities, in coordination with state, regional and local needs.

### **FOR FURTHER INFORMATION, PLEASE CONTACT:**

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