

Federal Surface Transportation Funding

Ensuring Fair Share for State Can Encourage Growth, Job Creation

Summary

Background

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), commonly known as the federal surface transportation act, is a \$286.5 billion, multi-year funding authorization signed by President George W. Bush in 2005 that funds maintenance and improvements of surface transportation infrastructure in the United States. This multibillion-dollar act funds budgets for improving the interstate highway system, transit systems—including bicycling and pedestrian facilities—and freight rail operations. SAFETEA-LU expired in September 2009 and ever since has received eight short-term extensions by Congress.

More recently, U.S. House Speaker John Boehner (R-Ohio) and U.S. Senate Majority Leader Harry Reid (D-Nevada) reached an agreement in September 2011 to extend the reauthorization and the excise taxes for the Highway Trust Fund through March 31, 2012. The bill—called the Surface and Air Transportation Programs Extension Act of 2011—also extended funding for the Federal Aviation Administration (FAA) through January 2012. Under the act, \$19.8 billion was provided to highway and transit programs while the Highway Trust Fund received \$4.2 billion and the FAA was given \$5.4 billion.

Lack of a long-term reauthorization plan has created uncertainty for many transportation projects and continues to threaten the backbone of the nation's transit and federal highway programs. Although the administration introduced a new reauthorization proposal in February 2011 along with the budget, partisan gridlock over sources of funding for the proposed plan have left the proposal at a standstill. If Congress fails to extend the reauthorization, the Highway Trust Fund will become insolvent by the end of the 2012 fiscal year (September 30, 2012).

As the Federal Transit Administration reports, a lapse in federal funding for transportation projects would threaten at least 850,000 jobs and more than 140,000 transportation projects nationwide. Meanwhile, transportation infrastructure suffers from insufficient existing funds for maintenance. One-third of the nation's major roads are in poor or mediocre condition and one-quarter of the bridges suffer from structural deficiencies or are functionally obsolete. Needless to say, there is tremendous need to invest in improvement of the surface infrastructure system.

Furthermore, a long-term and efficient transportation reauthorization plan can boost the national economic engine by creating hundreds of thousands of much-needed jobs and encouraging economic growth. The U.S. Chamber of Commerce projects that if the infrastructure system continues to deteriorate at the current rate, the economy could lose nearly \$336 billion in lost growth over the next five years.

Anticipated Action

To prevent further economic loss, both houses of Congress, along with the administration, have introduced separate proposals to fund surface transportation projects. Proposals that focus on funding core existing programs and consolidating duplicate and unnecessary projects have been rolled out by Congressman John Mica (R-Florida), who chairs the U.S. House Transportation Committee, as well as the U.S. Senate Environment and Public Works Committee—in a bipartisan effort by Senators Barbara Boxer (D-Rancho Mirage) and James Inhofe (R-Oklahoma).

Although it remains unclear which of the proposed plans will eventually be passed, there seems to be consensus among the politicians that an extension of SAFETEA-LU funding is critical. Given that the Republicans have already ruled out any increase in gas taxes, the challenge would be to find revenue sources that would allow the programs to continue.

CalChamber Position

Many transportation projects in California rely on funding from the federal government. The California Chamber of Commerce supports a well-financed, dependable and efficient transportation reauthorization that allows for maintenance of frail infrastructure, encourages new construction

projects, and ultimately creates well-paying, reliable jobs for Californians. The CalChamber encourages California's congressional delegation to ensure a fair share of funding for the state in transportation proposals and policies that encourage growth.

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