

	<p><i>SAFETEA-LU, Reauthorization, and the Highway Trust Fund</i></p>

Federal Highway Administration
September 2008

	<p><i>Current Issues</i></p>
	<ul style="list-style-type: none">■ Reauthorization<ul style="list-style-type: none">➢ Needed by 9/30/09■ Status of the Highway Trust Fund<ul style="list-style-type: none">➢ Will we make it through 2009?

Reauthorization – Committee Jurisdiction

	<u>Senate</u>	<u>House</u>
Highways	EPW	T&I
Transit	Banking	T&I
Motor carrier safety (FMCSA)	Commerce	T&I
NHTSA	Commerce	T&I
Taxes	Finance	Ways and Means

Reauthorization – Reform Guiding Principles



**REFOCUS.
REFORM.
RENEW.**
A NEW TRANSPORTATION APPROACH
IN AMERICA
fightgridlocknow.gov

- Reform and restructuring, not reauthorization
- A more focused Federal role
- Simplification of federal programs
 - Currently 108 transportation program categories
 - 58 just for the highway program
- Complex program structure
- Excessive earmarking
 - 5,634 earmarks in SAFETEA-LU
 - Many more in appropriations bills
 - \$10 billion in unobligated earmarks at end of FY2007

Toward a New Surface Transportation Economic Model

- Elimination of earmarks
- Use of cost-benefit analysis
 - Data-driven decisions over political considerations
- Requires a Tool Box of solutions
 - Direct pricing of roads
 - Reduce congestion
 - Generate revenues
 - Improve equity for highway users
 - Private sector innovation and competition
 - Unleash \$400 billion in private capital available for highway investment

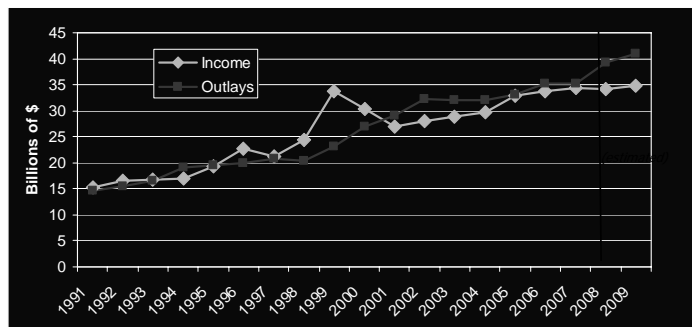
Reauthorization – Reform Guiding Principles

- Increased flexibility
- Accompanied by increased accountability
 - Investment decisions based on merit
 - Benefit-cost analysis
 - Performance measures
- Encouragement of innovation
- Public-Private Partnerships
- Direct pricing of road use
 - Congestion and demand management
 - Direct user pricing
- More effective environmental stewardship
 - Additional streamlining

Planning issues

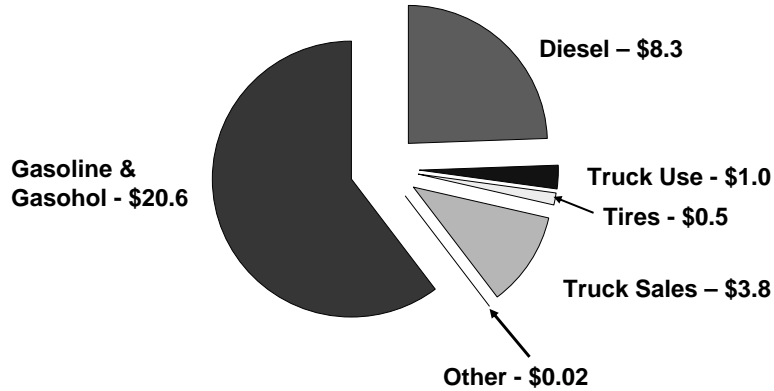
- Multi-state, corridor planning process
- State and local tensions
 - Planning or budget authority
 - Donor-donee
- Multi-modal analysis and decision-making
- Focus on outcomes, not process
- Modifications
 - Metropolitan area population
 - Raise level of expertise and sophistication

Status of the Highway Trust Fund

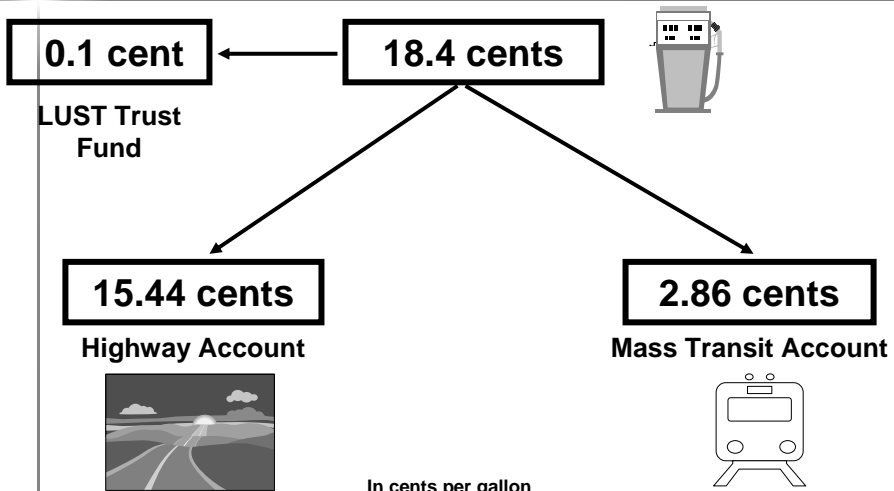


Net Highway Account Income – FY 2007

Total = **\$34.3 Billion**

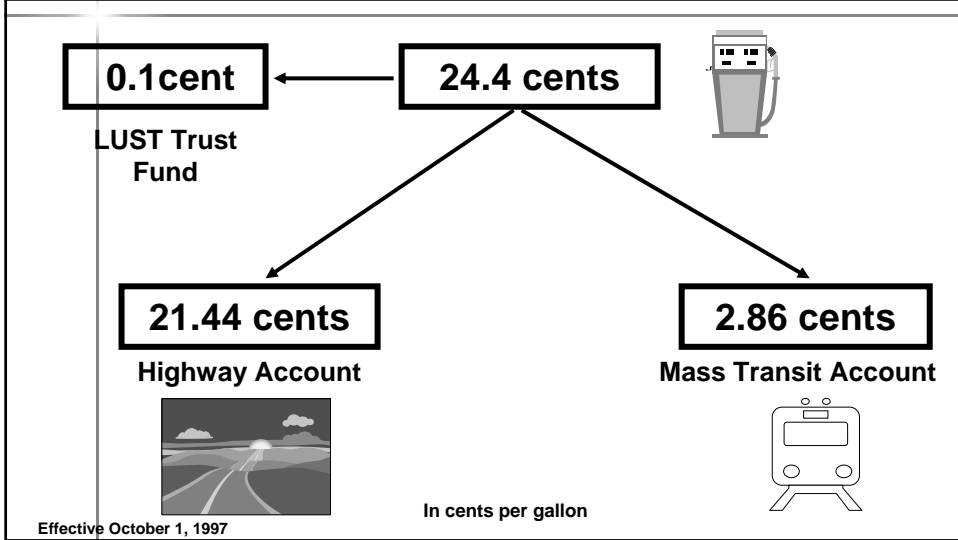


Federal Gasoline Tax



Effective October 1, 1997

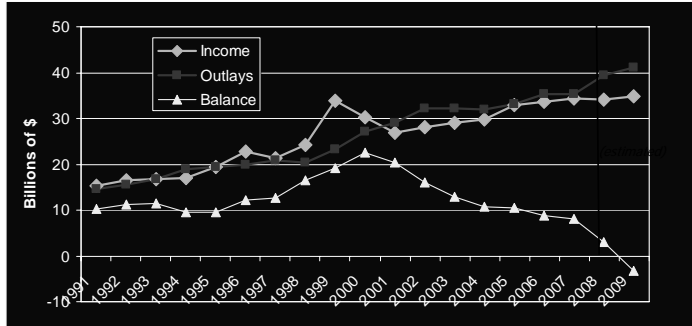
Federal Diesel Tax



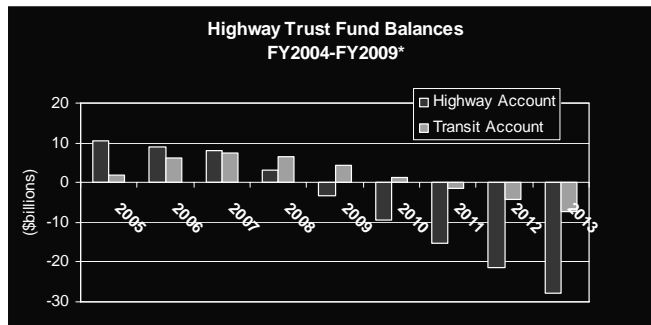
Current Gas Tax Rates (combined Federal and State)



Status of the Highway Account of the Highway Trust Fund (HTF)



Status of the Highway Trust Fund



* Assumes 2% annual growth in highway program obligation limitation

It will be important for the next highway bill to be done on time!

Would All Spending Stop If The Highway Trust Fund Ran Out Of Cash?

- Technically- No. Spending on programs would continue as new receipts are received (an average of \$3 billion per month).
- Payments may not be timely and maybe be prorated based upon availability. Could be problematic for States, who rely on prompt and full reimbursements.

Issue Resolved

- US House of Representatives
 - Transfer \$8 billion from the General Fund to the HTF
 - Passed on July 23, 2008
- US Senate
 - Transfer \$8 billion from the General Fund to the HTF
 - Passed on Sept. 10, 2008
- President
 - Signed into law on Sept. 15, 2008
- Solution Gets Us Through FY2009?
 - Let's Hope!

Stay tuned....more fun to come

- SAFETEA-LU required
 - 22 months
 - 12 extensions

- And that's when we had \$\$