



The Associated General Contractors of America

TEA-21 Reauthorization

TEA-21 Expires in less than 150 days!

AGC's five primary goals in TEA-21 reauthorization are:

1. Preserving the gains made in TEA-21.
2. Growing the size of the program.
3. Speeding up the approval process for highway improvements.
4. Increasing initiatives to protect our workers in the work zone.
5. Reforming the Clean Air Act conformity process.

1. Preserving TEA-21 Gains

TEA-21 established the principle that highway user fees must be dedicated to transportation investment.

AGC Recommends That Congress:

- Continue to dedicate all revenues coming into the Highway Trust Fund to the highway and transit programs.
- Maintain the budget “firewalls” and protect highway user fees from being used for purposes other than transportation improvements.
- Maintain the Revenue Aligned Budget Authority (RABA) principle, which mandates that annual federal user fee revenues that exceed projections be used for transportation.

2. Growing the Program

The Federal Highway Administration projects an average annual investment need over the next twenty years of \$75.9 billion (constant 2000 dollars) by all levels of government to *maintain* road conditions at their current levels. An average annual investment of \$106.9 billion (2000 dollars) is needed to *improve* highway and bridge conditions. State transportation officials identified similar needs that further clarify the federal portion to be \$47.8 billion annually over the next twenty years to maintain the system and \$56.7 billion annually to improve the system.

AGC Recommends That Congress:

Preserve the Purchasing Power of the Highway User Fee through Indexing

- Federal motor fuel taxes and other user fees should be annually indexed. Ten states already index fuel taxes to maintain transportation investment levels, and many federal programs include indexing. This change would provide an increase in the program of, at a minimum, \$18 billion over the life of the bill.
- In addition to indexing fuel taxes for the future, AGC recommends retroactively indexing fuel taxes to reflect the loss of buying power that has occurred since the last time Congress altered the amount going into the Highway Trust Fund – October 1, 1997. A one-time inflation adjustment should be made in fuel tax rates – from 18.3 cents per gallon to 21 cents, and from 24.3 cents for diesel to 28 cents. This change would raise approximately \$30 billion over the life of the bill.

Ethanol Users Should Pay Their Fair Share

- Recapture income lost to the Highway Trust Fund because of the preferential tax treatment of ethanol. Gasohol receives a 5.2 cents per gallon subsidy; an additional 2.5 cents of the user fee on gasohol goes to the general fund. Both of these revenue sources can go into the Highway Trust Fund without negatively impacting ethanol production or gasohol use. This would provide an additional \$13 billion over the life of the bill.

Pay Interest and Spend Down the Highway Trust Fund Balance

- Although TEA-21 largely eliminated a growing balance in the Highway Trust Fund, a balance has accumulated. In addition, as a tradeoff to get TEA-21 enacted, payment of interest on the HTF balance was eliminated. By spending down the balance and crediting the balance that remains with interest, an additional \$16 billion would be provided over the life of the bill.

Cracking Down on Tax Evasion

- Criminal activity to avoid paying the federal highway user fees continues to be a problem. Increased enforcement is projected to result in additional revenue of \$11 billion over the life of the bill.

3. Speed Up Project Approval Process

Streamlining the environmental review and permitting process must be a priority in TEA-21 reauthorization. On average it takes 12 years for a highway construction project to make it through the planning, design, environmental review, and right-of-way acquisition.

AGC Recommends That Congress:

- Establish USDOT as the “lead agency” for NEPA review;
- Establish USDOT as the lead to determine project purpose, need and alternatives to be studied;
- Grant the USDOT the authority to set comment deadlines for other agencies and for the public, with respect to all NEPA required reviews for highway projects; and,
- Allow States to administer NEPA, in place of USDOT or other agencies.

4. Protect Our Workers in the Work Zone

The National Highway Transportation Safety Administration reports that in 2001 (the latest available statistics) there were over 1,100 fatalities and 39,000 injuries in work zone crashes. Incentives are needed to encourage DOT’s to make decisions on the use of positive barriers based on the risks to workers and motorists and not based on cost.

AGC Recommends That Congress:

- Create new eligibilities within existing safety funding categories to encourage use of the following in highway work zones :
 - Uniformed police and official police vehicles to enforce speed limits.
 - Positive barrier separation based on the risks to workers and motorists, not based on cost.

5. Reform Clean Air Conformity Process

Transportation conformity provisions under the Clean Air Act (CAA) attempt to coordinate transportation planning and air quality planning. The conformity process, however, is being used primarily as a roadblock to prevent transportation improvement projects from being built. Opponents of transportation projects use the conformity review to raise legal challenges to disrupt the planning process and stop construction. Air quality improvements do not come from the conformity process. Air quality improvements come from reduced traffic congestion and improved engine and fuel technology.

AGC Recommends That Congress:

- Significantly eliminate or reform transportation conformity requirements.

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