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Highway Fund Robbery

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With the federal transportation fund's tank nearing empty and set to run out in August, Congress this week put the brakes on potential catastrophe by voting to extend transportation funding. At least, that's one spin.

In reality, the specter of an election year is pushing promises of responsibility and reform to the recesses of remembrance, so the House passed a short-term, \$10.8 billion "fix" to extend federal transportation funding until May 2015 – delaying until well after the mid-term elections the growing problem of a fund that takes in about \$35 billion annually while spending about \$50 billion. For members of Congress and other mathematically challenged individuals, this amounts to a \$15 billion deficit, per year. Despite the ongoing problem, however, Congress has continually refused to reduce spending to match revenue, a perpetual theme in Washington. (Of course, if Washington weren't spending so much on entitlements, it wouldn't be quite as difficult to pay for highways, but that's another story.)

One problem, as Cato Institute transportation analyst Randal O'Toole notes, is that instead of lowering the gas tax upon the completion of the nation's federal highway system in 1982, Congress increased the tax and created new transportation priorities on which to spend it, including bike trails and mass transit. "Building an interstate highway system," O'Toole writes, "has been replaced by a complex and often contradictory set of missions: maintaining infrastructure, enhancing mobility, reducing air pollution, discouraging driving, supporting [mass] transit, building expensive rail lines, promoting economic development, stimulating the economy, stopping climate change and ending urban sprawl, among others." In other words, they've built the beast, now they have to feed it.

A few advocate raising the federal gas tax from 18.4 cents per gallon. Of course, Washington would likely use such a raise as an opportunity not to close the spending gap but to add even more to the set of missions. Others, including Barack Obama, have proposed a toll-financing approach. Under this plan, as Reason Foundation co-founder and director of transportation policy Robert Poole writes, tolls would "replace gas taxes on Interstates, be *limited* to what's needed for the capital and operating costs of the rebuilt Interstates, and be implemented only *after* an Interstate has been rebuilt and modernized. All tolling would be done via state-of-the-art all-electronic tolling, with no toll booths needed." States would have the option of whether or not to establish these tolls.

While this idea is intriguing as individuals would pay only for what they use, some worry about the prospect of tracking vehicles and, therefore, people. And any proposal of additional tolls in

states like New Jersey, New York or Pennsylvania, where interstate driving and/or bridge tolls can already cost a bundle, is bound to be met by fierce opposition. Additionally, states would need to implement measures to ensure maintenance was performed economically and tolls were not exorbitant, which would certainly be an interesting test case for federalism.

Another proposal employing federalism, introduced by Rep. Scott Garrett (R-NJ) who, incidentally, opposed the \$10.8 billion fix, is the Surface Transportation and Taxation Equity (STATE) Act, which would allow states to opt-out of the federal transportation program and, along with it, federal transportation funding. Instead, states would be able to keep the 18.4 cents per gallon that's now sent to Washington as federal gas tax and use it for their own infrastructure – free of federal mandates and federal bureaucracy and adding no cost burden to taxpayers.

Yet, instead of pursuing policy reforms that would actually address the root problem of government's insatiable appetite for spending beyond revenue, the House opted for the easy road, hastily putting up an “under construction” sign and promising to return later. But lest we think the worst, perhaps they're just taking a detour in search of courage.

As an aside, “If You Hate Traffic Jams” was the subject line of the latest White House email, pushing for his infrastructure spending ideas that do little but direct support to his constituent unionized contractors across the nation. If Barack Obama is sincere about ending traffic jams, then his non-stop nationwide campaigning should cease and desist. Not only do Obama's daily political junkets cost taxpayers *billions*, they cost more every week in lost productivity for hundreds of thousands of Americans who are stuck in traffic jams resulting from presidential visits.