

# InfrastructureUSA

## Guest on THE INFRA BLOG

**John Horsley, Executive Director, American Association of State Highway and Transportation Officials**

**Conversation with Steve Anderson, Managing Director, InfrastructureUSA**

**John Horsley:**

### **Experts and leaders agree that we need infra investment, but...**

The President understands it, his Secretary of Transportation understands it, and then when you get to congressional leaders like the Chairman of the House Transportation Committee, James Oberstar, Barbara Boxer over in the Senate side, Chris Dodd in the banking side that has jurisdiction over transit—leadership of the highest level understands it. Leadership in the university community, the expert community, all know that we're investing less than half of what the country needs to really sustain the economy. The difficulty is how to generate consensus on raising the revenues we need to make the investment.

### **Fuel tax politics**

There was a realization, I think as long ago as the '80s, that we couldn't keep going with the systems built in the last century. Now we've had 20 years of pushback, against at least one party, saying "No new taxes, no matter what," even at the same time there's total bipartisan support for investing more. Especially in the field of transportation, where 90% of the federal transit dollars come from a fixed cents-per-gallon approach that has not adjusted with inflation, it has to be adjusted, and right now there just isn't the congressional consensus. Who's going to step up with the courage to vote to adjust the fuel tax?

### **Citizens look to leaders to make infra decisions**

I think it's unfair to expect that everyday citizens engage at this level. They expect the governors, the state legislators, the congressmen, the senators and the transportation professionals that represent them to tackle these issues with their support. They've got to be confronted with information so they know why it is that more resources are required, but I think it is expecting more of our citizenry than I think is reasonable, to expect them to get into the details of why it is that you can't have highways filled with potholes. They know that, they know that we've got to keep up with growth, they know that it takes resources to provide the resources for highway, for transit, for new high-speed rail service, et cetera, so I think we have to get them to a certain point, but they're looking to our political leadership, our business leadership, to make the decisions and have the courage to lead the country forward.

### **New York State, for example**

New York has experienced some success with their legislature in providing them the resources. They've totally restructured their organization to be what the state needs for the 21<sup>st</sup> century, so they've done a lot of terrific things for their state, but I know they have yet to accomplish what they're after with their legislature to provide the resources that they'll need moving forward. For example, the Tappan Zee Bridge, which is just north of the GW Bridge, is probably one of the most strategic bridges in the Northeast. They know they're going to have to replace that thing; it's going to be enormously expensive, but it's strategic investments like the Tappan Zee Bridge, the Brooklyn Bridge, the third tunnel from Jersey to provide improved transit service. Those are strategic investments for the future of the cities in New York

### **Success stories: working together to fund infra**

Let me give you some good news. We lose sight of success stories now and then. Washington State, where I grew up, in '03 and then '05 raised their fuel tax 14½-cents. That's the biggest increase that any state has achieved anywhere in the country, but they were able to do it through a bipartisan approach with both Democrat and Republican legislators voting for it, and not one legislator lost their seat because of that tough vote. The voters of the state were given a chance to repeal the 14 cent increase, and they voted not to repeal it by a vote of 53%, so that's one success story. Down in California, 18 self-help counties, the most populous counties in California, every one of those 18 has passed, by a 2/3 majority, a half-cent sales tax increase to support highway and transit investment over the next thirty years. It is just phenomenal that you can convince citizens to give you a 2/3 majority vote to raise their own taxes, but they have, and what they've got is from citizen support, demonstrated that they understand and support investing in their transportation future. So there are places that have found the way forward. The most recent was Kansas. Kansas just got an 8 billion, ten-year program approved by their legislature. Again, it's based on sales tax revenue increase rather than a fuel tax increase, but we're very excited that Kansas – that their legislature had the courage to recognize what was needed and they've approved it.

### **For citizens, a small investment with large returns**

The scale of the increase in investment that's needed is much larger than even legislators have understood, but what also is not understood is how little it's going to cost the average American taxpayer. Let me give you an example. We are now in the highway program – the highway transit program from the Federal level – spending 54 billion a year, but revenues coming into the trust fund are only coming in at 36-37, so there's a gap of 17-18 billion a year where we can't even support what is being invested. So, at a minimum what Congress needs to do in the very near future, is provide the increase in revenue needed to keep the highway trust fund solvent. That will take somewhere between ten cents and

twelve cents. Most people think a nickel here, four cents there, but we're going to need 12 cents just to sustain current investment levels. When we look to what Chairman Oberstar wants to do is grow the program to 450 billion, and that is supported by the first national commission that studied the issue, and then a second national commission came to the same conclusion. You're talking about a fuel-tax increase of somewhere in the range of 25 cents-per-gallon to 40 cents-per-gallon. That's what the National Surface Transportation Policy and Revenue Study Commission recommended two years ago. Here's what most people don't understand. Most people, if you ask them right now, "what are fuel taxes costing you personally?" They'd say "thousands of dollars." Well, the fact is, if we increased fuel taxes ten cents, that would increase the cost of the average driver about 90 dollars a year, and spread that over 52 weeks and it's the price of a cup of coffee. People don't understand what a bargain they're getting for their current taxes, but they also don't understand how reasonable it will be to if we're able to see a ten-cent increase, a fifty-cent increase, somewhere in that range, and how much good it would do for their family, for the economy, for the future.

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