How to keep the Highway Trust Fund in motion

July 14, 2014

*I'm on the highway to hell*

*(highway to hell)*

… and I'm goin' down

*all the way*

— AC/DC

We'll probably learn this week if the U.S. House and Senate intend to live out the AC/DC classic.

The Highway Trust Fund, the federal government's primary mechanism to help the states pay for maintenance and construction of roads, bridges and mass transportation, is running out of money. If Congress doesn't come up with an infusion by Aug.1, some ongoing projects will be stopped or stalled. Many construction jobs are on the line.

About 75 percent of Illinois' multiyear road program is funded by the federal government, according to the Illinois Department of Transportation, which says it has a few months' leeway. Other states will begin pulling back immediately.

The trust fund is running low on money in part because of a virtue of modern life. The fund draws on an 18.4 cents per gallon federal tax on gasoline. As vehicles have become more fuel efficient, the demand for gasoline has been curbed. That's good for the environment and your pocketbook, but not so good for the Highway Trust Fund.

Trust fund spending on highway construction and maintenance grew by about 60 percent from 2000 to 2014, while revenue increased only about 10 percent,
according to the Committee for a Responsible Federal Budget, a nonpartisan research group. Congress could have recognized this imbalance and forced an adjustment in spending ... but it didn't, of course. Congress has pumped $54 billion from other sources to fill the gap. (The trust fund also gets money from taxes on diesel fuel.)

The House and Senate last week moved on separate paths toward legislation to keep the trust fund afloat through next May with a $10.8 billion infusion. Both chambers are trying to shake change out of the cushions in a variety of questionable ways. One of the more egregious ideas is "pension smoothing," which allows private companies to reduce the contributions they make to their pension funds. That boosts tax revenue because the pension contributions are tax-deductible, but it also puts the pension funds in weaker position.

The betting is that Congress will come up with some agreement on a temporary fix precisely because the members don't want to go on the highway to hell — shutting down road projects around the country a few months before an election.

But the Washington crowd really needs a complete rethinking of highway economics. How do we maintain the transportation infrastructure and how do we best pay for it?

First, make sure we're not building any bridges to nowhere. If gas taxes bring in $35 billion a year, let's figure out how best to spend ... $35 billion. Weaning politicians from ribbon cuttings is no easy feat, but the pressure should be on to put money only to essential projects.

The federal fuel tax hasn't been increased since 1993, and its purchasing power has diminished as construction costs have risen. A fuel tax that was better indexed to inflation would be tolerable.

The fuel tax is essentially a user fee — it is paid by the people who take to the roads that have to be maintained. Along this line, part of the answer could be more automatic tolling.

The concept is used on major highways in some states, including Illinois via the I-Pass transponder system. Several states are experimenting with different mileage-based user fee systems. Charging by odometer, smartphone or GPS are possibilities, as are fixed fees. Some drivers may feel squeamish about the government tracking such information as miles driven. But technology
advances, the world changes and we must adapt. Have you been on the Tri-State lately? If you used I-Pass, you were tracked through your tolls.

The patches under discussion fix a problem for the members of Congress — it keeps the money flowing and the workers on the job past the November midterm election. But as long as people need to get from here to there, we'll need to pay to pave the way.