



# UPDATE ACT: UPDATE, PROMOTE, AND DEVELOP AMERICA'S TRANSPORTATION ESSENTIALS

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## REBUILDING AND RENEWING AMERICA: A LEGISLATIVE AGENDA

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### THE PROBLEM

Our transportation infrastructure is increasingly outdated and inadequate. In 2009, the Federal Highway Administration estimated that over \$70.9 billion worth of repairs were needed just to maintain safe infrastructure; that number has since increased. In order to fund all economically justified projects, the Department of Transportation estimates that Congress would need to provide \$83 billion a year in addition to current funding. The American Society of Civil Engineers estimates that our surface transportation needs over \$2 trillion of investment in order to remain economically competitive.

Instead of addressing the Highway Trust Fund's insolvency, Congress has added to the General Fund deficit by transferring over \$50 billion of General Fund revenue to the Highway Trust Fund in order to keep it afloat. The problem worsens: when MAP-21 ends at the end of Fiscal Year 2014, Trust Fund balances will nearly be exhausted. In order to maintain current funding in the following years, the Highway Trust Fund will need almost \$15 billion a year (in addition to current gas tax receipts). If we do not find a way to make the Highway Trust Fund solvent, the continued disinvestment will mean an over 30% drop in federal transportation spending by 2024.

### SOLUTION

Congress should follow the recommendations of the Commissions it has authorized. We should end the transfer of General Fund dollars to the Highway Trust Fund, phase in a short term gas tax increase, and set the stage for a transition for a long-term, stable funding source that will replace the gas tax. American cannot afford to continue to disinvest in our infrastructure.

The **UPDATE Act of 2013** turns the recommendations of the Simpson-Bowles report, the National Surface Transportation Policy and Revenue Commission, and the National Surface Transportation Financing Commission into proposed law. It phases in a fifteen cent gas tax increase starting in 2014, indexes the gas tax to inflation, and then confirms Congress's intention to replace the gas tax with a more equitable, stable source of funding by 2024.

Commission	Funding Level Recommendation	Long Term Revenue Options
<b>National Surface Transportation Policy and Revenue Commission (2008)</b>	Increase gas tax by 25 to 40 cents, diesel tax by 15 cents, and index both rates to inflation	Examine mileage based user fees as a potential replacement for the gas tax
<b>National Surface Transportation Financing Commission (2009)</b>	Increase gas tax by ten cents, the federal diesel tax and commensurate taxes by fifteen cents, and index to inflation	Examine mileage based user fees as a potential replacement for the gas tax
<b>National Commission on Fiscal Responsibility and</b>	Increase gas tax by 15 cents per gallon	Not addressed

<b>Reform “Simpson-Bowles” (2010)</b>		
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**THE HISTORY**

The federal gas tax was last raised in 1993 by 4.3 cents (to a total of 18.4 cents per gallon) as part of the Omnibus Budget Reconciliation Act. Previous to that, it was raised by a nickel in 1982 during the Reagan Administration.

Transportation advocates began raising concerns about the solvency of the Highway Trust Fund in the early 2000s, as increasing fuel efficiency, and deteriorating infrastructure heightened strain on the Highway Trust Fund. In 2005, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (known as SAFETEA-LU) created the National Surface Transportation Financing Commission to recommend options to propose solutions to the looming Highway Trust Fund deficit. The Commission’s report, released in early 2009 is consistent with the recommendations of other commissions, think tanks, and policy leaders, all emphasizing the need for increased investment, and the need to shift away from the gas tax to a more stable source of funding.