



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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May 9, 2008

The Honorable Nancy Pelosi
Speaker, U.S. House of Representatives
Washington, DC 20515-1101

Dear Speaker Pelosi,

The Metropolitan Transportation Commission, the transportation finance and planning agency serving the San Francisco Bay Area, writes to you to express our opposition to recent proposals to temporarily suspend collection of the federal tax on gasoline. We urge you to oppose any effort, however well-intentioned, to deprive the Highway Trust Fund of its revenue lifeline when the nation's roads, bridges and transit systems stand in great need of these funds.

Of course, MTC understands the sense of frustration and the very real economic hardship caused by the steady run-up in the price of gasoline. And we understand the desire in Congress to try to take steps to ease the burden that high gas prices place on motorists, truckers, transit agencies and the economy as a whole. But we do not believe that a seasonal "gas tax holiday" is the correct course for the nation.

A summer moratorium on the 18.4-cent federal gas tax would cost an estimated \$9 billion, money that is desperately needed to shore up the country's aging and congested transportation infrastructure. We cannot afford to forgo these funds, when even at its current level the federal gas tax does not generate revenues sufficient to maintain our overburdened transportation network, let alone finance the expanded road and rail systems needed to cope with 120 million more Americans by 2050, and to compete in the global economy.

And the challenge of replacing the lost revenue to the Highway Trust Fund has no good answer. Backfilling the difference from the General Fund — in other words, borrow even more money from our children and grandchildren — is one option on the table. Another is imposing a windfall profits tax on oil producers. But the first idea is imprudent at best, and the second is unlikely to survive a presidential veto. The forgone revenues would be lost forever, and our transportation system would be the worse for it.

We would also note that Congress has not changed the 18.4-cent rate since 1993, when the national average price for gasoline hovered around \$1 per gallon. Over the last 15 years the federal levy has fallen from nearly 20 percent of the purchase price of gasoline to less than 5 percent today. Clearly, the gas tax is neither the cause — nor should its repeal be the solution — for high prices.

If the United States is to have a world-class transportation system, we are going to have to pay for it. And if we are ever to wean ourselves from what the incumbent president has called our “addiction to oil,” we cannot afford to take a summer holiday from the nation’s energy realities.

Sincerely,

Bill Dodd
Chair

cc: San Francisco Bay Area congressional delegation

Representative Anna Eshoo
Representative Mike Honda
Representative Barbara Lee
Representative Zoe Lofgren
Representative Daniel Lungren
Representative Jerry McNerney
Representative George Miller
Representative Jackie Speier
Representative Pete Stark
Representative Ellen Tauscher
Representative Mike Thompson
Representative Lynn Woolsey
Senator Barbara Boxer
Senator Dianne Feinstein