



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 4

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*Memorandum*

TO: Legislation Committee

DATE: December 3, 2010

FR: Executive Director

WI: 1131

RE: National Commission on Fiscal Responsibility and Reform: Draft Recommendations

On December 3, 2010, the bipartisan National Commission on Fiscal Responsibility and Reform approved by a vote of 11-7 its plan to cut federal deficits by \$3.9 trillion over the next decade. President Obama created the Commission in February 2010 by executive order, charging it with identifying policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run. The 11 supporters were split between the parties, with five Democrats and five Republicans, along with one political independent. Had the Commission approved the plan by a vote of 14-4, it would have moved directly to Congress for a vote. Even though the final vote fell short of that mark, the bi-partisan nature of the Commission majority is likely to make the report's recommendations quite influential in future Congressional debates.

***Infrastructure Investment Highlighted; Call to Raise Gas Tax by 15-cents per Gallon***

With regard to transportation, the plan recommends that Congress "fully fund the transportation trust fund instead of relying on deficit spending." Specifically, the commission recommends raising the gas tax by 15 cents per gallon between 2013 and 2015, and in exchange, ending the practice of General Fund transfers. The report also recommends adjusting the way transportation is treated in the federal budget by moving it from the discretionary side of the budget to the mandatory side, and capping spending at whatever is raised in user fees the prior year. The report also recommends an end to all federal earmarks.

***Plan Puts Many Political Sacred Cows on Chopping Block***

The plan does not shy away from politically charged recommendations, including cuts to entitlement and defense spending. It also calls for eliminating popular tax breaks and exemptions, including mortgage interest deductions and employer health plans, while lowering individual and corporate tax rates. The plan comes at an opportune time, a few weeks before the convening of a new Congress made up of many new members who campaigned on a platform of deficit reduction. However, in a sign of the challenges to come, the plan was rejected by the three House Republican lawmakers on the panel — all of whom will hold key leadership positions next year in Congress.

Staff will track developments related to the plan closely when the 112<sup>th</sup> Congress convenes in January 2011.

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Steve Heminger