Agenda Item 5a

METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Legislation Committee DATE: March 6, 2015

FR: Executive Director W. I. 1131

RE: H.R.680 (Blumenauer): Update, Promote, and Develop America's Transportation Essentials (UPDATE) Act of 2015

Background
H.R. 680 would restore solvency to the Highway Trust Fund by raising the federal excise tax on gasoline and diesel fuels. The bill — a reintroduction of H.R. 3636 (Blumenauer), which MTC supported last year — would increase the federal excise tax on gasoline from 18.4 cents per gallon to 33.4 cents per gallon, with an 8-cent increase beginning in 2016, a 4-cent increase occurring in 2017 and a 3-cent increase in 2018, with annual cost of living adjustments thereafter until 2025. The measure also increases the federal excise tax on diesel fuel from 24.4 cents per gallon to 42.8 cents per gallon by 2018, with annual cost of living adjustments thereafter until 2025. The tax increase would generate approximately $170 billion over ten years.

Recommendation: Support

Discussion
Raising the federal gas tax to increase federal transportation funding and ensure long-term solvency for the Highway Trust Fund has been a key component of MTC's federal advocacy program for many years. With gasoline prices at historic lows this year, legislators from both parties have championed a gas tax increase, creating a unique opportunity in 2015.
The federal fuel excise taxes have not been adjusted since 1993 and have lost almost 40% of their purchasing power since then. In addition, there is a nominal $13 billion mismatch between dedicated user fee revenue (principally fuel excise taxes) and authorized funding levels.

As you are well aware, the impact of federal underinvestment in our transportation infrastructure has been severe. The American Society of Civil Engineers (ASCE) 2013 Report Card gave roads and transit in America a "D" grade, while bridges and rail managed a "C+". Meanwhile, 42% of America's major urban highways are congested, resulting in an estimated $101 billion in wasted time and fuel annually. Beyond congestion impacts, underinvestment in basic system maintenance harms our economy as poor roadway conditions cause unnecessary accidents, greater wear and tear on vehicles, and unreliable public transit service. For all of these reasons, we recommend a support position on H.R. 680.

Known Positions

Support
American Automobile Association
American Federation of Labor-Congress of Industrial Organizations (AFL-CIO)

American Public Transit Association
American Road and Transportation Builders Association
American Trucking Association
Laborers' International Union of North America
Transportation for America
U.S. Chamber of Commerce

Oppose
See attached

Steve Heminger

SH: RL
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AMERICANS FOR PROSPERITY

FREEDOM PARTNERS

AMERICANCOMMITMENT

AMERICANS for TAX REFORM ATR

CLUB FOR GROWTH

AEA AMERICAN ENERGY ALLIANCE

TPN TEA PARTY NATION

Over 50 Organizations to Congress:
Reject Efforts to Raise the Federal Gas Tax

January 28, 2015

Dear Members of the 114th Congress:

On behalf of our organizations and the millions of Americans we represent across all 50 states, I write to express our strong opposition to legislation that includes an increase to the federal gas tax.

Not only is increasing the gas tax an ineffective way to address the nation's transportation infrastructure needs, it would further increase the burden of government on families and business – and would disproportionately hurt lower income Americans already hurt by trying times in our economy.

A higher gas tax means higher prices not just on gas, but on goods and services throughout the economy. These increased costs would inevitably be passed down to consumers, resulting in a regressive tax hike on middle- and lower-income Americans.

Millions of people struggling through stagnant wages and increased cost of living have been given some relief with falling gas prices. These lower prices amount to nearly $100 extra per month for an average family, which is expected to lead to an additional $100 billion of economic growth. Congress should embrace these lower prices, not confiscate the savings, increase costs, and weaken growth potential.

Moreover, a gas tax increase would exacerbate existing problems with the current transportation infrastructure funding formula. Despite billions in Highway Trust Fund (HTF) shortfalls, Washington continues to spend federal dollars on projects that have nothing to do with roads like bike paths and transit as well as completely unrelated projects like museums and squirrel sanctuaries. Over one-third of HTF spending today is for non-highway purposes.

In addition, Davis-Bacon wage rules and other burdensome regulations needlessly add time and cost to transportation infrastructure projects.

As with so many other issues in Washington, transportation infrastructure has a spending problem, not a revenue problem. Rather than asking Americans for even more of their hard-earned paycheck to fund reckless Washington spending, Congress should seek an alternate solution that properly prioritizes federal transportation infrastructure needs, reduces costly and time-consuming bureaucratic hurdles, and further empowers state and local governments in conjunction with the private sector. In doing so, Congress can create a system that is efficient and responsive, and ensures that the United States has the best and safest transportation network in the world.

Sincerely,

Brent Wm. Gardner, Vice President of Government Affairs
Americans for Prosperity

Marc Short, President
Freedom Partners

Grover Norquist, President
Americans for Tax Reform

James L. Martin, Chairman
60 Plus Association

Phil Kerpen, President
American Commitment

Eileen Bruskewitz, Executive Director
American Dream Coalition

Sean Noble, President
American Encore

Thomas J. Pyle, President
American Energy Alliance

Dee Stewart, President
Americans for a Balanced Budget

Coley Jackson, President
Americans for Competitive Enterprise

Peter J. Thomas, Chairman
Americans for Constitutional Liberty

Rick Manning, President
Americans for Limited Government

John Tate, President
Campaign For Liberty

Kristin Fecteau,
Campaign to Free America

Andrew Quinlan, President
Center for Freedom and Prosperity

Jeffrey Mazzella, President
Center for Individual Freedom

Kim Crockett, Chief Operating Officer, EVP and General Counsel
Center of the American Experiment

Marita Noon, Executive Director
Citizen's Alliance for Responsible Energy (CARE)

Francis X. De Luca, President
Civitas Institute

David McIntosh, President
Club for Growth

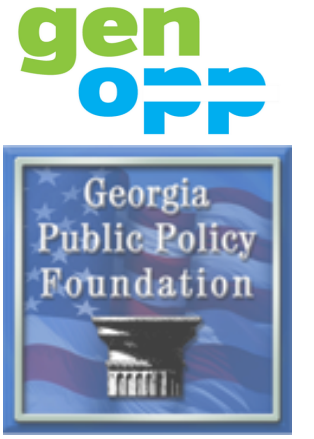
Tom Brinkman Jr., Chairman
Coalition Opposed to Additional Spending and Taxes (COAST)

Marc Scribner, Fellow, Center for Technology and Innovation
Competitive Enterprise Institute

Penny Nance, CEO
Concerned Women for America Legislative Action Committee

Chris Prandoni, Interim Executive Director
Cost of Government Center

Marita Noon, Executive Director
Energy Makes America Great Inc.



L. Brent Bozell III, Chairman
ForAmerica

Annette Meeks, CEO
Freedom Foundation of Minnesota

Matt Kibbe, President and CEO
FreedomWorks

George Landrith, President
Frontiers of Freedom

Evan Feinberg, President
GenOpp

Kelly McCutchen, President
Georgia Public Policy Foundation

Keli'i Akina, Ph.D., President
Grassroot Institute of Hawaii

Kristina Rasmussen, Executive Vice President
Illinois Policy Action

The Honorable Alfred S. Regnery, Chairman
Law Enforcement Legal Defense Fund

Seton Motley, President
Less Government

Brett Healy, President
MacIver Institute

Harry C. Alford, President/CEO
National Black Chamber of Commerce

Lloyd M. Bentsen IV, Senior Research Fellow
National Center for Policy Analysis

Lew Uhler, President
National Tax Limitation Committee

Matt Meyer, President
Opportunity Ohio

Gov. Gary Johnson, Honorary Chairman
Our America Initiative

Lance Brown, Executive Director
Partnership for Affordable Clean Energy (PACE)

Lori Sanders, Outreach Director & Senior Fellow
R Street Institute

Mike Stenhouse, CEO
Rhode Island Center for Freedom and Prosperity

Paul J. Gessing, President
Rio Grande Foundation

William Whipple III, President
Secure America's Future Economy

Derek Monson, Director of Policy
Sutherland Insitute

David Williams, President
Taxpayers Protection Alliance

Judson Phillips, Founder
Tea Party Nation

Joseph Bast, President and CEO
The Heartland Institute

Daniel Garza, Executive Director
The LIBRE Initiative

Carl Bearden, Executive Director
United for Missouri

Rose Bogaert, Chair
Wayne County Taxpayers Association

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