



December 1, 2010

TO: TTD EXECUTIVE COMMITTEE

FR: Edward Wytkind, President

RE: Transportation Recommendations in the Deficit
Commission Report

Today, the chairmen of the National Commission on Fiscal Responsibility and Reform released their recommendations to reduce the federal deficit. They include a call for a 15-cent per gallon gas tax increase to fund transportation.

Last February, President Obama tasked the National Commission on Fiscal Responsibility and Reform with proposing recommendations to balance the federal budget by 2015, excluding interest payments on the debt. The 18-member panel includes legislators from both parties, officials with federal budgeting expertise, and also former SEIU President Andy Stern. The Dec. 1 report was issued by panel co-chairs Erskine Bowles and Alan Simpson. For their recommendations to become official, at least 14 of the 18 members of the Commission must approve the final report. According to published reports, the 18-member panel will vote on Friday.

On transportation, the Bowles-Simpson recommendations include increasing the gas tax by 15 cents between 2013 and 2015. The revenue from this increase would be dedicated to transportation. Spending would be limited to match the revenue collected by the trust fund in the prior year. Contract authority and outlays would be mandatory and earmarks would be eliminated from the highway authorization.

The full text of recommendation 1.7, which deals with transportation, is included below. It can be found on page 20 of the report.

RECOMMENDATION 1.7: FULLY FUND THE TRANSPORTATION TRUST FUND INSTEAD OF RELYING ON DEFICIT SPENDING. Dedicate a 15-cent per gallon increase in the gas tax to transportation funding, and limit spending if necessary to match the revenues the trust fund collects each year.

Under current law, the Transportation Trust Fund has hybrid budget treatment in

which contract authority is mandatory, while outlays are discretionary. This hybrid treatment results in less accountability and discipline for transportation spending and allows for budget gimmicks to circumvent budget limits to increase spending. The Commission plan reclassifies spending from the Transportation Trust Fund to make both contract authority and outlays mandatory, and then limits spending to actual revenues collected by the trust fund in the prior year once the gas tax is fully phased in. Shortfalls up until that point would be financed by the general fund.

The Commission recommends gradually increasing the per gallon gas tax by 15 cents between 2013 and 2015. Congress must limit spending from trust funds to the level of dedicated revenues from the previous year. Before asking taxpayers to pay more for roads, rail, bridges, and infrastructure, we must ensure existing funds are not wasted. The Commission recommends significant reforms to control federal highway spending. Congress should limit trust fund spending to the most pressing infrastructure needs rather than forcing states to fund low-priority projects. It should also end the practice of highway authorization earmarks such as the infamous Bridge to Nowhere.

If you have any questions or want to discuss, please let us know.

Attachment

http://images.magnetmail.net/images/clients/TTD_comm/attach/DeficitCommissionMomentumofTruth.pdf

cc: Designated Reps.
Legislative Committee
Communications Committee

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