

**BILL:** HOUSE RESOLUTION 1458

**AUTHOR:** REPRESENTATIVE EARL BLUMENAUER

**SUBJECT:** RAISE IT ACT

**STATUS:** HOUSE – REFERRED TO THE COMMITTEE ON WAYS AND MEANS

**ACTION:** SUPPORT

**RECOMMENDATION**

Staff recommends that the Board of Directors adopt a SUPPORT position on H.R. 1458 – the Raise and Index to Sustainably and Efficiently Invest in Transportation Act of 2017 or the RAISE IT Act authored by Representative Earl Blumenauer of Oregon.

**ISSUE**

The federal government’s Highway Trust Fund is facing solvency issues and is increasingly reliant on general fund transfers from the U.S. Treasury. According to the Congressional Budget Office, the “trust fund will have insufficient resources to meet all of its obligations, resulting in steadily accumulating shortfalls.” Furthermore, the Congressional Budget Office estimates that the Highway Trust Fund will incur negative balances by the end of Fiscal Year 2020. Approving a solution to ensure solvency of the Highway Trust Fund will be a critical task for Congress to address as the current surface transportation authorization bill expires September 30, 2020.

**DISCUSSION**

The Administration and Congress are currently in the process of deciding how to proceed on an infrastructure initiative proposed by the White House on February 12, 2018. Absent from that proposal was a solution to fund the Highway Trust Fund which continues to take in less in federal gasoline taxes as vehicles become more fuel efficient and more electric vehicles share our highways. At the same time, the cost of the nation’s infrastructure needs continues to grow. While Congress debates the recent infrastructure proposal, it is important to remember that the Highway Trust Fund provides far more funding for highway and transit projects than does the proposed infrastructure initiative, and ensuring its solvency would be one of the most effective steps in addressing future transportation infrastructure needs throughout the nations.

There have been a number of potential solutions offered by Members of Congress to address the shortfall in the Highway Trust Fund. Repatriation of overseas corporate earnings was an idea that had bipartisan support, but Congress decided to use that option to help pay for the tax cut bill recently approved, taking it off the table to fund transportation projects. Another idea has been to create an alternative method of collecting a user fee based on vehicle-miles-traveled (VMT). This idea has promise and

states, including California, are experimenting with the idea through pilot programs. However, a lack of data and support create challenges to efficiently implementing a new user fee system to fund federal highway and transit investment. H.R. 1458, the RAISE IT Act, offers a thoughtful solution to shore up the Highway Trust Fund in a way that is predictable for transit agencies and has a track record of efficiently delivery transportation investment.

H.R. 1458 would increase federal gasoline and diesel taxes incrementally over the next three years by about 15 cents and would also index both fuels to increase with inflation. Additionally, the bill incrementally increases the allocation of fuel taxes distributed into the Mass Transit Account of the Highway Trust Fund by 3 cents. Lastly, H.R. 1458 expresses that the nation should move away from the gasoline user fee model and implement a more sustainable solution to fund transportation by 2027.

#### **DETERMINATION OF SAFETY IMPACT**

Staff has reviewed this proposal and has determined that the legislation will not have an impact on safety.

#### **FINANCIAL IMPACT**

Staff has determined this bill will positively impact our agency. It has the potential to restore the solvency of the Highway Trust Fund. Solvency of the Highway Trust Fund would provide a dedicated and reliable source of federal funding for highway and transit projects for the coming years.

#### **ALTERNATIVES CONSIDERED**

Staff has considered a number of alternatives with respect to fully address the solvency issues facing the Highway Trust Fund, and at this time, believes that H.R. 1458 offers the best path forward.

#### **NEXT STEPS**

Should the Board decide to support H.R.1458, staff will prepare a support letter for the bill and work with U.S. Representative Earl Blumenauer and Congress to support the bill's passage.