

Highway Funding Prospects

■ RAY A. BARNHART

The post-interstate era is nearly upon us, and U.S. society faces a massive problem: not enough highway capacity.

I strongly believe that government has to get a grip on transportation and involve the private sector. For too many years, the private sector has freeloarded on the public tax dollar and has not paid its way. Laws and policies, in effect, have discouraged private involvement in governmental undertakings for too long. I hope that finally we have shifted attitudes about private sector involvement, and thus may run a more efficient country and, certainly, improve transportation.

I'm reminded of a group I addressed in Washington a year ago—700 people from all around the United States and from every segment of society, including some of the economic geniuses of this country. They talked about where the country was headed and where we would be by the year 2000. They talked excitedly about prospects—about industrial output, housing starts, heavy manufacturing, farm production, exports, and imports. Then Congressman William Gray, chairman of the House Budget Committee, stood up and said the budget needed to be brought under control, and therefore highway spending should be cut down. Everyone applauded wildly.

Then I spoke, I said, "I'm astonished. Everything you've been hearing this morning about the future of this country depends on highways and highway transportation. And you applaud a man who says he's going to cut spending in one governmental



program that has been self-supporting, that has not contributed one penny to this multibillion-dollar federal deficit. I'm appalled." Their response? "Well, we hadn't thought about it." Most people don't think about it, and yet transportation is fundamental to our economy, to our quality of life, to our standard of living.

Few people, including politicians in Washington, appreciate how vital the highway program is to them individually. Except when they hit a pothole or are stymied in bumper-to-bumper traffic, they pay little attention to the highway program.

I'm concerned about the future of the highway program as one element of transportation. It's frightening to me that we have no comprehensive, cohesive, national transportation plan. We have no long-term, or even intermediate-term, thinking about railroads, shipping, air transportation, or highways and trucking. Not having such a plan is going to impede what we want to accomplish, both economically and socially.

Let's look at the facts. Every community in this country depends on trucking, and yet the politicians attack trucks and do nothing to encourage better productivity. Last year, 1.8 trillion miles were driven on our highway system, carrying almost 80% of everything that is manufactured in this country and almost 80% in dollar value of all agricultural products. Eighty-six percent of all personal travel in the United States is on highways.

Highway Program Under Attack

And what happens? Congress looks at the highway trust fund, which is supplied by buyers of gasoline, and thinks: It's a fat

pot, we can divert money from it to do other things. But have the members of Congress stopped to think about the serious consequences of this? Do they realize that we desperately need an increase in highway capacity? By a conservative estimate, the amount of road traffic over the next 13 years will increase at least 50%.

Vocal groups claim that highways denigrate our environment and diminish our quality of life and, therefore, must be fought. These people are simply not being accountable to the future. Congress responds in the same way with immediate answers to solve immediate political problems. But no one is looking at how this will affect the nation over the long term.

The highway program is under attack as never before. Who can fight air quality? We all want clean air. What are we going to do about it? It looks like the environmentalists will rally in the name of air quality to promote the farmers' answer: the use of gasohol (alternative fuels). I have nothing against alternate fuels. Go ahead and develop them—but not with a hidden subsidy taken from the highway trust fund.

Legislation now before Congress would require that by 1992, 5% of all the fuel used on our nation's highways be gasohol (10% grain alcohol). But it is widely known that, to stimulate its development, gasohol enjoys a \$0.06 a gallon sales tax exemption. If some people are exempted from paying their fair share of the cost of the highway program, others have to pay more. Last year, gasohol exemptions cost the federal highway trust fund \$445 million. If allowed to continue, such losses can seriously threaten the highway program.

In a few years, it might well be mandated that 50% of the fuel used be gasohol. That would mean a loss of \$4 billion a year to the highway trust fund, which would prevent highway professionals from providing the additional capacity needed for mobility. If the move to exempt gasohol continues—and in the 1988 election year, with candidates vying for the farm vote and the environmental vote, such a move is a real possibility—we will have serious problems.

Then there is the proposal to use the highway trust fund as the core of support for building all kinds of infrastructure—water plants, sewage treatment plants, air quality facilities, and only incidentally, transportation. Can this proposal succeed? Unfortunately, the answer is yes.

Highway funding is critical and in short supply. I hope you are concerned about

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this and will try to do something about it. Talk to those who represent you in Washington and don't allow them to sacrifice transportation to solve some of their immediate political needs.

Collect What's Owed

If Congress wants to raise money, all it has to do is collect the money that's already owed the government. We're losing a minimum of \$700 million a year from the nonpayment of diesel fuel taxes that are collected by service stations but not remitted to the IRS.

Why the evasion of federal tax on diesel fuel? Because federal law says the tax must be applied at the pump; there are 100,000 companies out there with pumps and they're not sending in their \$0.15 a gallon tax.

The loophole on gasoline tax will be closed effective January 1988, thanks to a new provision in the tax law that effectively changes the tax's point of collection.

We've been losing \$1 billion a year in gasoline tax, because slipshod governmental processes have allowed evasion of payments. The federal government has in protective custody a man who set up the scam for a "family" in New York. He testified to Congress that the "family's" take from this illegal operation was over \$8 million a week for over 2 years. Does anyone worry about it? They should.

Needed: Flexibility, Accountability, and Understanding of Consequences

The highway program is a rather outstanding government operation. It now has fewer employees than at any time in over 40 years. In this conservative Reagan administration, the budget went from \$8 billion in 1982 to \$14 billion last year—a record of which I'm extremely proud. The administrative takedown is about 1.1%—very efficient. But I'm not proud of the fact that the \$14 billion bought only about \$10.5 billion of transportation value. The other \$3.5 billion was wasted, not by uncaring bureaucrats but by groups—ideological groups with no accountability—who seized upon laws enacted by Congress, laws drawn up without thought of tomorrow.

Take I-30 in Fort Worth. The state can-

not expand an elevated roadway because people protested that the additional width could cast a shadow on a historic post office—and the law says that's reason enough not to permit the improvements. The bottom line is millions of dollars down the tube, and Fort Worth is left with a "spaghetti bowl" it can't clean up that is used by 150,000 people a day.

Or how about H-3 in Hawaii? Hawaii's third interstate was authorized to tie Honolulu with the Marine base. The project started off budgeted at \$263 million some years ago. The first thing that had to be done was move the road to comply with objections from preservationists. Then it was suggested that a park be built for flood control purposes, with the highway right of way serving as the park's boundary and as a buffer between the park and the highway. Everybody—the highway people and the environmentalists—agreed. The park was built and then the highway got sued. The complaint was that the road would impact on the park. The ninth circuit court upheld the suit. The price of H-3 has gone from \$263 million to more than \$750 million—and 90% of that cost comes out of the highway trust fund.

What do I want to change? For more than 6 years I've been trying to get some flexibility into the highway funding program. I've tried to consolidate the various federal road programs, so we can say to the states: "You select your priority projects out of this pot of money." I lost that battle because Congress says the highest priority is to complete the interstate system. We all recognize the importance of the interstates, but I feel no moral or ethical responsibility to complete a road simply because it was drawn on a map 30 years ago, I want to give states the flexibility to use federal funds to build toll roads. In the last highway bill a little progress was made on this front, with seven toll road projects specified as eligible for 35% financing with federal funds. I don't want an increase in federal taxes. All I want is the ability to use the money we have more wisely.

The post-interstate era is right around the corner. The challenges facing us are large and the necessary costs will be great. But there is not much chance of a sensible program being adopted until people understand what the real issues are. They need to learn more about the highways program and then urge Congress, not to abuse the program, not to politicize it, but to make it a truly cooperative venture with state and

local governments, based on professional judgments and objective priorities. (IRWA)

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