

SAFETEA-LU 2008

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Current Issues

- Status of the Highway Trust Fund
- Status of FY2008 appropriations process
- New bridge/infrastructure legislation
- Technical corrections
- Preparing for reauthorization

Legislative Lesson

- SAFETEA-LU Authorization 2005
 - This bill authorized FHWA to continue the Federal Aid Highway program. No Funds are included in the bill
 - DOT funding Obligation bill- each year congress must pass funding bills to obligate funds for use. This is done by other committees than those that create the authorization bill.

FY2008 President's Budget

- Proposed \$39.6 billion for highways, consistent with SAFETEA-LU
- Proposed forgoing \$631 million RABA
- \$238 million projected HTF shortfall at end of FY09 (within the margin of error)
 - \$667 million if RABA enacted

FY2008 Appropriations Bills

- Conference bill
- \$40.2 billion obligation limitation, including RABA and \$1 billion in additional OA for the bridge program (\$135 million of RABA set aside for the Congestion Initiative and \$243 million set aside for 134 earmarks)
 - The President has threatened to veto the bill

FY2008 Appropriations Bills

- Conference bill
- Funds may not be used for Mexican-truck pilot program
 - Funds may not be used to toll I-80 in PA
 - FHWA report to Congress on ER program administration
 - Funds may not be used to toll existing lanes of Interstate in TX
 - \$195 million appropriated for reconstruction of the I-35W bridge in Minneapolis

Continuing Resolution

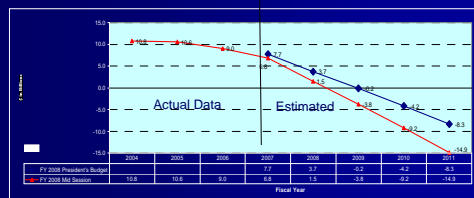
- Passed by the House 9/26
 - Through November 16, 2007
 - Funds the Government at 47/366ths of the amount appropriated for FY2007
 - Affects only obligation limitation; apportionments will be made on October 1
- Proposed next CR until December 14
- An omnibus likely, but timing uncertain

Mid-session Review

- What changed?
 - Highway Account receipts for FY 2007- FY 2009 are a total of \$3.7 billion lower than the receipts included in the 2008 President's Budget for the same time period.
 - It appears the American public is responding to the sustained high price of fuel.
 - VMT down in 2007, for the first time ever. (Average annual VMT growth rate from 1980 through 2005 was 2.7%.)
 - FY 2009 cash shortfall now estimated at approximately \$4.3 billion (assuming RABA).

Estimated Cash Balances: Highway Account of the HTF

FY 2008 President's Budget vs. Mid-Session Review (assuming no RABA)



Highway Trust Fund Balances

Highway Trust Fund Cash Balances
FY2004 - FY2011
FY 2008 Mid-Session
(\$ in billions)

	Actual			Estimated Balances				
	2004	2005	2006	2007	2008	2009	2010	2011
Highway Account								
Cash Balance (Beginning of Year)	13.0	10.8	10.6	9.0	6.8	1.5	-3.8	-9.2
Receipts	29.8	32.0	33.7	33.8	34.6	35.3	36.0	36.5
Outlays*	32.0	33.1	35.3	35.8	39.8	40.7	41.4	42.2
Cash Balance (End of Year)	10.8	10.6	9.0	6.8	1.5	-3.8	-9.2	-14.9
Mass Transit Account								
Cash Balance (Beginning of Year)	4.8	3.8	2	6.2	6.9	6.1	3.9	0.7
Receipts	4.9	5	4.9	4.9	5	5.1	5.2	5.2
Flex Funding Transfer**	6	6.8	1.4	4.2	5.9	7.2	8.4	8.3
Outlays	3.8	2	6.2	6.9	6.1	3.9	0.7	-2.5
Cash Balance (End of Year)								
Highway Trust Fund								
End of Year Cash Balance (Total)	14.6	12.5	15.2	13.7	7.6	0.1	-5.5	-17.2

* Includes Flex Funding Transfer to MTA
 ** Flex Funding in FY2006 and FY2005 was fully outlayed to the General Fund
 Note: FY2008 Highway Account outlays do not include RABA
 July 11, 2007

Would All Spending Stop If The Highway Trust Fund Ran Out Of Cash?

- No. Spending on programs would continue as new receipts are received (an average of \$3 billion per month).
- Payments may not be timely. Very problematic for States, who rely on prompt reimbursements.

Options to address the shortfall

- Reduce Obligation Authority
- Fund fuel tax refunds/exemptions from the General Fund
 - Valued at approximately \$1 billion
- Borrow from the Transit Account
- Crack down on fuel tax fraud
- Appropriate General Funds

Senate Finance Committee Proposal

- Retroactively fund \$3.3 billion in Emergency Relief appropriations since 1998 from the general fund
- Raise the point of taxation for gasoline to the refinery level (one-time benefit of \$848 million)
- Pay refunds and credits for fuel tax exemptions from the general fund for 6 months (\$745 million)

New Bridge/Infrastructure Legislation

- Oberstar proposal
 - New Bridge Reconstruction Trust Fund to replace, rehabilitate structurally deficient bridges
 - Revenue source, general fund
 - Funds distributed based on need and public safety, according to a formula to be developed by FHWA
 - Calls for improving bridge inspections

Preparing for Reauthorization

- OST Initiative
 - Policy team
 - Regulatory team
 - Finance team

Guiding Principles

- Increased state flexibility
- Simplification of federal programs
- Decisions based on merit
- Encouragement of innovation
- Public-Private Partnerships
- Direct pricing of road use
- Empowering customers

Preparing for Reauthorization

- FHWA Initiative
 - More state control
 - Smaller Federal Aid Program
 - No new taxes
 - Public Private Partnerships