



T2 Explainer: Six-Year vs. Two-Year Legislation

The Transportation Transformation Group is an unprecedented alliance of state government, finance, academic and private industry leaders who aspire to transform American transportation policy into a goal-based arrangement that maximizes flexibility to enhance the roles of the state and local public sectors and their private partners to solve the growing problems of congestion and mobility.

T2 publishes explainers to help policy makers and the public understand concepts essential to transportation transformation.

The 1956 Federal-Aid Highway Act, the original interstate highway authorization, had a 14-year duration. Congress reformed and extended the historic interstate authorization by enacting the Federal-Aid to Highway Acts of 1970 and 1978. The Surface Transportation and Uniform Relocation Assistance Act, the last surface transportation authorization bill of the Interstate era, was enacted over President Ronald Reagan's veto in 1987.

The follow-on measures (ISTEA, TEA-21 and SAFETEA-LU) were all six-year authorizations of federal surface transportation programs. The current authorization has been extended temporarily six times and expires on September 30, 2011. Congress hopes to enact a new authorization for surface transportation programs before the current short-term extension expires.

In December, the Brookings Institution recommended, based on the political climate in Washington, that Congress abandon the traditional six-year highway authorization for a shorter two-year bill. The author of the Brookings proposal, Robert Puentes, noted that nearly all policy-makers would prefer the traditional six-year bill, but the experience of repeated short-term extensions demands an alternative.

Puentes also suggested that the two-year authorization might create a political comfort zone for a future tax increase: "The hope is that by the time the trust fund starts running a negative balance in 2012, that will force a conversation about raising revenue, specifically the gas tax," Puentes said.

House Transportation and Infrastructure Committee Chairman John Mica has remained steadfast in his determination to enact a new six-year authorization before the end of

2011. Senate Environment and Public Works Chairman Barbara Boxer joins Chairman Mica in support of that goal, but acknowledges that if a six-year bill cannot be enacted, she will opt for two years. Mica is adamant in his pursuit of a six-year bill.

While there is nothing inherently wrong with a two-year authorization; the best case advocates can make for it is that it would be better than a continuing series of shorter-term extensions and might create a future opportunity for additional revenues, through an increase in the gas tax. The most significant flaw is that a two-year bill would not allow for commitments to larger projects that would take longer than two years to design, engineer, obtain right-of-way and environmental permits and construct.

As with the 2009 stimulus bill, a two-year authorization would yield smaller projects that would maintain current transportation facilities more than facilitate the long-term solutions that America's transportation challenges deserve. States and contractors would be constrained to smaller, less ambitious transportation projects because there would be no assurance of long-term funding.

The case for a six-year bill is that it has the potential, if properly crafted, of providing a framework for resolution of some of our nation's vexing transportation challenges. By being forced to rely on projected revenues, a six-year bill would require state and national transportation leaders to innovate solutions to streamline operations, eliminate outdated programs, more appropriately set priorities, create partnerships with private investors and identify future funding sources to augment or replace the gas tax and to facilitate American transportation solutions.

In the final analysis, the real reason for a two-year bill is the desire to increase the gas tax. It is an effort to bolster a failing revenue source that more efficient and alternative fuel vehicles have already destined for antiquity.

America deserves fundamental reform, driven by customer service, measured by congestion relief, increased safety, and the efficient movement of goods. A two-year bill won't accomplish these goals; a six-year bill has much greater potential for achieving reform that enhances our quality of life and maintains global competitiveness by increasing American mobility.

T2 is happy to exchange ideas about this or any other matter related to the next surface transportation bill. Contact Billy Moore at (202) 288-0892 to set up a discussion. You can also get additional information at our website www.trans2group.com