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No Taxpayer Bailout for the Earmarked Highway Bill

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Sometime during the next fiscal year (FY 2009) the federal Highway Trust Fund will run out of money, forcing the U.S. Department of Transportation to reduce federal highway spending to an amount that matches revenues raised by the federal fuel tax. According to some estimates, the shortfall could be as much as $8 billion, although the Office of Management and Budget and the Congressional Budget Office are currently projecting a $5 billion gap.

The pending deficit is a consequence of flaws in the most recent highway reauthorization bill (SAFETEA-LU) enacted into law in August 2005 covering all federal highway and transit spending until September 2009. In an effort to provide funding for the more than $24 billion worth of earmarks included in SAFETEA-LU, Congress authorized levels of spending well in excess of the fuel tax revenues expected to flow into the trust fund, thereby drawing down the fund's balance to support the excess spending. Although the leadership of the House Transportation and Infrastructure Committee (T&I) hoped that the fund's balance would be sufficient to make it through the current reauthorization period, many independent transportation analysts doubted that would happen, and their dire projections have been proven correct.

Two Competing Proposals. Predictably, some in Congress propose that even greater levels of deficit spending be adopted to maintain the program's current spending levels, including money for all of the remaining earmarks. Representative Charles Rangel (D–NY), chairman of the House Ways and Means Committee, has joined with Representative James Oberstar (D–WI) and Jon Mica (R–FL) to introduce H.R. 6532—"To Amend the Internal Revenue Code of 1986 to Restore the Highway Trust Fund Balance"—to transfer over $8 billion in general revenues to the highway trust fund to cover the shortfall through the early part of FY 2010 in the event that the reauthorization bill is delayed, as it has been for the past two decades.

In contrast to the committee leaders' "borrow and spend" proposal, Representative Jeff Flake (R–AZ) has introduced H.R. 6534—a bill titled "Resisting Offsetting with Additional Debt Act" (ROAD Act)—that would require the trust fund shortfall to be financed by rescinding the authorized, but unobligated, funds that would otherwise be spent on hundreds of earmarks now incorporated in 23 questionable programs created by SAFETEA-LU.

Of the two options, Representative Flake's represents the better approach. Rather than borrow money to perpetuate waste, as the leaders of the T&I Committee recommend, Flake proposes to fund the shortfall by eliminating a modest portion

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of the waste incorporated in SAFETEA-LU. As SAFETEA-LU is one of the worst pieces of legislation ever enacted by any Congress—it is already notorious for its earlier inclusion of the Bridge to Nowhere—any effort to redirect SAFETEA-LU money to more sensible purposes would be a win-win plan for the economy.

Not the Time for More Taxes. Unfortunately for the taxpayer, there is much more at stake in this debate over the shortfall than just the potential for a single incident of fiscal irresponsibility, however costly H.R. 6532 may be. In recent months Representatives Oberstar and Mica—respectively the chairman and ranking member of the T&I Committee—have proposed that the next highway reauthorization bill spend as much as $500 billion, compared to the $284 billion limit in the previous bill.

With the highway trust fund expected to be empty when the current highway legislation expires next year, this level of spending can be accomplished only by a near doubling of the federal fuel tax on gasoline and diesel fuel. With gasoline prices now more than $4 a gallon and diesel fuel approaching $5, any attempt to sustain an even higher level of wasteful transportation spending would only worsen an already severe burden on moderate income Americans.

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