

# ISSUE BRIEF

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## What Congress and States Can Do to Reform Transportation Policy

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Ensuring that America's transportation system gets back on track will require federal and state action to achieve reforms in a number of areas, including surface transportation policy. A high-quality, safe, and reliable transportation system is vital to the nation's economic health; Americans depend on it daily. Yet the current approach to surface transportation is Washington-centric in its priorities and inefficient; it rewards special interests and ignores transportation-consumer preferences and needs on the ground. States, localities, and the private sector are best able to set transportation priorities and manage projects to relieve congestion, enhance mobility, and improve safety.

One proposal before Congress, the Transportation Empowerment Act, would refocus the federal role and funding of surface transportation solely on federal activities, putting states back in charge of addressing their specific needs. Other federal reforms should address the federally subsidized passenger rail service known as Amtrak and the U.S. Army Corps of Engineers' far-flung mission (U.S. waterway management, school construction, beach building, and municipal water supply), allowing states to determine which portions of their functions should continue under their watch.

### **The Transportation Empowerment Act**

**Federal Action:** The Transportation Empowerment Act (TEA) would refocus the federal role and funding of surface transportation solely on federal activities—such as Interstate Highway System maintenance—and empower states with control and responsibility over their transportation funding and spending decisions. Over the course of five years, the federal fuel tax rates would decrease, from 18.3 cents per gallon to 3.7 cents per gallon (gasoline) and from 24.3 cents per gallon to 5.0 cents per gallon (diesel). At the same time, federal programs more appropriately run by states and cities, such as subway, bus, and bicycle programs, would end. Authority and accountability would return to states and localities, giving them incentives to fund projects according to local priorities, not those of Washington.

**State Action:** States would have the option—and would need to decide whether to do so—of funding any programs devolved to them. For example, Oregon could continue paving bicycle paths and adding to the streetcar fleet in Portland, while Texas could dedicate money to road resurfacing and bridge repair projects.

States would also need to decide whether to increase state fuel taxes by the amount the federal fuel taxes decreased, such that motorists would see no change at the gas pump. Alternatively, they could pursue other revenue-generating mechanisms—user fees or taxes—to meet the level of transportation revenue they deem necessary to carry out their priorities. Virginia is adopting higher-speed toll lanes that collect tolls, or user fees, from motorists who choose to use the lanes, while Arkansas is increasing sales taxes to back highway construction bonds.

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This paper, in its entirety, can be found at <http://report.heritage.org/ib4352>

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## Related Resources:

- Emily Goff, “Next Highway Bill Should End the Transportation Alternatives Program,” Heritage Foundation *Issue Brief* No. 4211, May 3, 2024, <http://www.heritage.org/research/reports/2014/05/next-highway-bill-should-end-the-transportation-alternatives-program>.
- Conservative Reform Agenda, “The Transportation Empowerment Act,” Office of Senator Mike Lee (R-UT), November 14, 2013, <http://www.lee.senate.gov/public/index.cfm/the-transportation-empowerment-act>.

## Amtrak Commercialization or Privatization

**Federal Action:** The National Railroad Passenger Corporation, commonly known as Amtrak, receives federal grants for operating costs and capital costs (including debt service). Congress should put Amtrak on notice and begin to phase out these subsidies on a five-year glide path. Amtrak’s management should be encouraged to work with any interested states that currently have Amtrak service to devise ways of developing and maintaining cost-effective service. Congress should end restrictive labor privileges contained in the 1970 Rail Passenger Service Act, to help Amtrak reduce its operating costs; additionally, Amtrak’s monopoly on passenger rail service should be repealed to allow private-sector companies to enter the market and compete with Amtrak. In legislation, Congress could require Amtrak to lower its total costs by a certain percentage annually, and enforce the provision by withholding grants the following year until Amtrak reaches the target.

**State Action:** States in the Northeast Corridor served by Amtrak could have the option of taking control of and responsibility for Amtrak—or its successor. Federal legislation could also contain a provision for establishing an entity, such as a compact, that represents those states. These states, which would have to agree to enter into such a compact,

would gain control over Amtrak’s assets and make management decisions going forward. The long-distance routes should be dissolved or privatized separately, as tourist companies could have interest in them. In the near term, states could decide to shut down their short routes or follow Pennsylvania and Virginia’s lead and cover the costs.

## Related Resources:

- Wendell Cox and Ronald D. Utt, “How to Close Down the Department of Transportation,” Heritage Foundation *Background* No. 1048, August 17, 1995, <http://www.heritage.org/research/reports/1995/08/bg1048nbsp-how-to-close-down-the-department>.
- Tad DeHaven, “Privatizing Amtrak,” *Downsizinggovernment.org*, June 2010, <http://www.downsizinggovernment.org/transportation/privatizing-amtrak>.

## Refocusing the Corps’ Mission

**Federal Action:** Initially, the Army Corps of Engineers focused primarily on waterway navigation projects, but Congress broadened its mission so much over time that now it includes flood control, environmental restoration, beach replenishment, municipal and agricultural water supply, hydropower, harbor construction and maintenance, and recreation site management. Congress should end the Corps’ involvement in these activities that are of concern to states, localities, or the private sector by terminating those programs that could be better managed apart from Washington or lie outside the federal government’s limited purview. For example, cities and the private sector can manage port and harbor maintenance and dredging; shipping companies and port cities have a vested interest in maintaining navigable harbors and sufficiently deep ports.<sup>1</sup> Shifting this function away from the Corps would remove existing cross-subsidies that occur among the ports and place market costs on bringing goods to port.

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1. For example, the Panama Canal is undergoing expansion and will accommodate post-Panamax ships that are bigger and taller than current ships; port authorities are deepening ports and raising bridges to attract these new ships. See William Booth, “Expanded Panama Canal Sparks Race to Be Ready for Bigger Cargo Ships,” *The Washington Post*, January 16, 2013, [http://www.washingtonpost.com/world/the\\_americas/expanded-panama-canal-sparks-race-to-be-ready-for-bigger-cargo-ships/2013/01/12/f3c85d52-5785-11e2-8a12-5dfdfa9ea795\\_story.html](http://www.washingtonpost.com/world/the_americas/expanded-panama-canal-sparks-race-to-be-ready-for-bigger-cargo-ships/2013/01/12/f3c85d52-5785-11e2-8a12-5dfdfa9ea795_story.html) (accessed February 19, 2015).

In the near term, Congress should “clear the decks” of the Corps’ \$60 billion project backlog by aggressively de-authorizing projects and halting all new authorizations for studies or construction.

**State Action:** Federal and non-federal cost-sharing rules should be reformed to reflect who is responsible for given types of projects. For some programs, such as recreation and beach replenishment, this reform means that local project sponsors would bear all of the costs. Even if a project is truly of national importance and would bring national benefit, the local sponsor or the state with an interest in the project should pay the majority of the cost. Local sponsors and states should recognize the benefits of this reform and pursue it and the control it would bring. States and local entities would likely construct projects they can afford and be *less* likely to develop in sensitive environmental habitats; case in point is the beach-replenishment program which, in its current form, can ruin wildlife habitats on beaches and nearby offshores. Project costs would also decrease, and the states would be free to work with the private sector or let the private sector take over some activities, such as recreation-site management, completely. States and localities know their water resources priorities better than the federal government, and they should be empowered to control water resources program decisions, working with the private sector when appropriate.

### Related Resources:

- Emily Goff, “Necessary Reforms in the Water Resources Development Act Conference Bill,” Heritage Foundation *Issue Brief* No. 4097, November 26, 2013, <http://www.heritage.org/research/reports/2013/11/necessary-reforms-in-the-water-resources-development-act-conference-bill>.
- “Ten Common Sense Reforms for the Army Corps of Engineers,” Taxpayers for Common Sense, January 1, 2007, <http://www.taxpayer.net/library/article/ten-common-sense-reforms-for-the-army-corps-of-engineers>.

### Conclusion

Federal and state policymakers should reform transportation policy to allow state and local priority setting that will relieve traffic congestion, enhance mobility, and improve safety. Federal spending and oversight should be limited to activities with national importance—not purely local concerns. The TEA, as well as reforms to Amtrak and the Army Corps of Engineers’ mission, would allow states to take the lead in determining which policies meet their transportation needs.

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