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Blue Ribbon Advisory Group

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Revenue Options

From: Bruce.Prommersberger@CH2M.com
Sent: Friday, February 23, 2007 2:13 PM
To: steve.holt@fhueng.com; rwharrison@comcast.net; Perez, Carla
Subject: Wisconsin Gov. Proposes Taxing Big Oil

Wisconsin Gov. Proposes Taxing Big Oil

By SCOTT BAUER, The Associated Press
Feb 12, 2007 3:01 AM (1 day ago)
Current rank: # **54** of 14,999 articles

MADISON, Wis. - Gov. Jim Doyle proposes taxing big oil companies more than $270 million over the next two years to help pay for the state's transportation needs.

Doyle said the assessment will equate to $1.50 per barrel of oil sold in the state, and the companies would be prohibited from passing the tax on to customers at the pump. Violations carry a criminal penalty of up to six months in prison.

The plan is a way to get oil companies to contribute to the rising costs of the state's infrastructure, Doyle said in an interview with The Associated Press.

"This is not the total solution but this is a significant part of it," said the governor, a Democrat. The proposal will be a part of Doyle's two-year budget he delivers to the Legislature on Tuesday.

Another part of the solution will be an increase in vehicle registration fees, Doyle said. He wouldn't say how much that will be, but he has previously said he would support about a $10 increase. Registering a car currently costs $55.

An oil industry spokesman said companies will be lobbying heavily against the proposal, which he described as a veiled way to raise the gasoline tax.

"The average legislator will read through the fine lines and see what this is," said Erin Roth, spokesman for the American Petroleum Institute, which represents the five largest oil companies in Wisconsin. "It's punitive to oil companies, and it's something that we will fight and hopefully we will prevail."

Assembly Speaker Mike Huebsch, a Republican, said he was glad Doyle recognized the need to provide funding for transportation improvements, but argued that much of the shortage resulted from Doyle removing $427 million from the transportation fund two years ago to pay for education.

"There has to be an ironclad agreement that we can't dip into the transportation fund for other purposes again," Huebsch said.

Todd Berry, president of the nonpartisan Wisconsin Taxpayers Alliance, said Doyle's administration has used $1.1 billion from the transportation fund to balance the state budget.

"These are the folks that created the transportation deficit," he said, adding that it remained to be seen how the proposed assessment could be applied without costing consumers more.

Similar assessments on oil companies are in place in New Jersey, New York, Pennsylvania, and Connecticut, said Doyle spokesman Matt Canter. A similar plan was also introduced in Wisconsin by then-Gov. Tommy Thompson in the 1990s but failed to pass, Doyle said.

The time is right for it now, he said.

To ensure compliance, Doyle wants to give the state Department of Revenue the authority to audit the earnings of oil companies. If the department finds that the tax is resulting in higher fuel prices, the offending company would be subject to fines in the amount of the gains reaped by the price increase or up to six months in jail.

Doyle said he was confident the plan was legal and, given the penalties in place, he believed oil companies would not pass the charge along to customers at the pump.

The proposed tax would either be applied when the oil companies transfer the fuel between companies or subsidiaries or when it leaves the pipeline and is sent out for distribution, Doyle's office said.

It would not apply to sales of 100 percent biodiesel or the ethanol portion of E-85. Doyle said oil companies would be able to deduct the assessment from federal tax liability as a cost of doing business.

The Business Journal of Phoenix - January 15, 2007
http://phoenix.bizjournals.com/phoenix/stories/2007/01/15/story6.html

The Business Journal PHOENIX

New state impact fees considered

The Business Journal of Phoenix - January 12, 2007

by Mike Sunnucks

The Business Journal

Environmentalists and lawmakers worried about suburban sprawl could impose new state development impact fees on home builders and commercial developers. The fees would help pay for transportation projects, land conservation and deal with growth.

State impact fees would face opposition from real estate industry groups worried about the effect of such levies on the housing and commercial markets, how the levies would be assessed and how the proceeds would be spent.

Arizona cities and counties already can assess impact fees on residential and commercial builders in their jurisdictions to help deal with the costs of new infrastructure, schools and water demand.

There are efforts afoot to expand the state government's fee-levying powers and use the money to preserve land or pay for transportation upgrades to help ease traffic congestion.

Various proposals are being floated at the Legislature, but nothing has been introduced. Advocates say state impact fees will help pay for Arizona's continued growth and infrastructure needs, and revenue could be used to protect open space and deal with growth problems.

"We would support state-imposed impact fees. We don't believe that taxpayers should be footing the bill for sprawl -- the people who are profiting from the development should be responsible for those costs," said Kate Whalen, government relations liaison for the Arizona League of Conservation Voters. "We would be particularly supportive of impact fees that would be used to protect open space within and around communities."

Suburbs in the Phoenix area have been increasing local impact fees in recent years on new homes, condos, apartments and commercial projects to keep up with continued population growth and fund increasing transportation and infrastructure needs associated with that growth.

The real estate industry worries about the fees, particularly how they could affect the cooled housing market, whether they would dissuade future growth and how they would be legally established and applied.

Tom Farley, vice president and lobbyist for the Arizona Association of Realtors, said the real estate community takes a skeptical view of such fees.

Farley said only county and city governments currently have the power to impose fees, and court cases have established that the fees imposed must be linked to the development being taxed. It would create a legal issue if a state fee was imposed on a project in Peoria and the money then was spent on conservation or roads in Wickenburg or Queen Creek.

Such political and legal challenges create obstacles for these fees to pass at the Legislature. There also is a bipartisan inclination at the Legislature to leave planning and growth to city governments, despite Gov. Janet Napolitano's efforts to increase the state's role in regard to growth issues.

"Planning is held at the local level, and that's where it should remain," said state Rep. Tom. Prezelski, D-Tucson. "The state isn't equipped to do that. It's the local government's responsibility to plan for growth and accommodate for growth."

Tom Jenney, director of the anti-tax Arizona Federation of Taxpayers, said state fees could be acceptable if they were structured like local ones, which require builders and developers to help with the costs created by their projects. Jenney said impact fees that are like user fees for infrastructure, such as sewers, would be hard to dismiss as a way to help pay for growth.

However, he stressed there needs to be direct user-fee linkage between such charges and where the proceeds are spent.

A slew of Arizona cities -- including Phoenix, Glendale, Peoria, Tucson and Sedona -- impose various impact fees on new housing and other developments. The average total fee in the state is more than $5,700 per housing unit, according to a study by Duncan Associates.

The structure of possible state impact fees has not been finalized nor has a bill been introduced, though Republican legislative leaders, including state Senate President Tim Bee, are looking at adjusting rules related to local impact charges.

Get connected

Arizona Association of Realtors: **www.aaronline.com**

Arizona League of Conservation Voters: **www.azlcv.org**

From: Bruce.Prommersberger@CH2M.com
Sent: Friday, February 23, 2007 2:13 PM
To: steve.holt@fhueng.com; rwharrison@comcast.net; Perez, Carla
Subject: California's Future May be Paved With Fees

California's Future May be Paved With Fees
Los Angeles Times (02/13/07) Halper, Evan

California Senate Transportation Committee Chairman Alan Lowenthal (D-Long Beach) believes that California needs to consider using toll roads to generate money for transportation projects. The state is projected to face a shortfall in funding for transportation projects without more money. Gov. Arnold Schwarzenegger has also pressured state officials to allow the private sector to share in the operation and costs of transportation projects. The American Automobile Association also supports the increased use of tolls for funding transportation projects, though many taxpayer groups oppose the measure. The Howard Jarvis Taxpayer Association and a number of other taxpayer groups believe the state could pay for transportation projects through improved utilization of existing funds. Nevertheless, officials with the governor's office expressed optimism that the state can successfully shift responsibility of toll roads to private companies and meet its financial goals.

From: Bruce.Prommersberger@CH2M.com
Sent: Wednesday, February 07, 2007 11:16 AM
To: rwharrison@comcast.net; steve.holt@fhueng.com; Perez, Carla
Subject: Rendell budget addresses transportation woes, would raise sales tax by 1%

Rendell budget addresses transportation woes, would raise sales tax by 1%

Philadelphia Business Journal - 4:04 PM EST Tuesday

by Athena D. Merritt

Pennsylvania Gov. Ed Rendell unveiled a 2007-08 state budget on Tuesday that includes a proposed **1 percent hike in the sales tax to accelerate property tax relief and a $1.7 billion per year fix for the state's ailing public transit system and transportation infrastructure**. A new tax on oil companies and the leasing or sale of the Pennsylvania Turnpike would fund the fixes, Rendell said.

A turnpike deal could generate an annual revenue stream of up to $965 million, Rendell said. A proposed 6.17 percent tax on oil companies would generate $760 million annually, he said, bringing funding to the necessary $1.7 billion.

The transportation funding responds to a report by a bipartisan commission last year detailing a dire need.

In the Philadelphia area, for example, the SEPTA public transit system had to draw from its capital budget to fill a $36.8 million budget shortfall, forgoing modernization of its fare-collection system, numerous improvements to stations and replacement of aging buses. The temporary fix will result in no fare increases or service cuts through SEPTA's fiscal year, which ends June 30, but in the 2008 fiscal year, the system faces a $120 to $140 million shortfall.

The governor-created Transportation Funding and Reform Commission recommended $900 million in additional annual funding for highways and bridges and $760 million for public transit. The commission recommended tax hikes and increases in motor vehicle registration and license fees. Rendell said his transportation funding plan would not directly impact taxpayers.

Under the proposed $27.3 billion state budget (about $1 higher than in 2006-07), the sales tax would increase to 8 percent from 7 percent in Philadelphia and Allegheny counties and to 7 percent from 6 percent in the rest of the state. The change would generate nearly $720 million for property tax relief and allow residents to see reductions by the summer.

"This reduction would be over and above the relief that will arrive once Pennsylvania's new gaming facilities are fully operating and (generate) an estimated $1 billion per year in additional property tax relief funds," Rendell said.

Rendell's proposal also includes moving Medical Assistance clients from voluntary, managed care to a fee-for-service model with a projected $23.2 million in savings; and performing quarterly assessments on the needs of residents of nursing facilities, which could shave $30 million. The cigarette tax would rise by 10 cents a pack, to $1.45.

A sales tax hike would be the first for the state in 39 years. Consumer goods -- except for most grocery items, prescription drugs and clothing -- are subject to sales tax in Pennsylvania.

Bluefield Daily Telegraph
Princeton Times
Bluefield - Princeton West Virginia

Turnpike report proposes toll hike

By BARBARA HAWKINS
of the Daily Telegraph

— CHARLESTON — A preliminary report on the independent review and analysis of the West Virginia Parkways, Economic Development and Tourism Authority indicates recommendations for a toll increase of between 36 percent and 96 percent, removal of the Legislature's restriction on bond funding for new money capital, more bonding and other financing for up to 30 years and elimination of discretionary funding for economic development projects in the future.

The draft of the report ordered by Governor Joe Manchin last year by Public Resources Advisory Group, Independent Financial Advisors, was released to legislators late last week. It was provided to the Bluefield Daily Telegraph on Saturday by Delegate Marshall Long, D-Mercer, and Sen. Don Caruth, R-Mercer. Area lawmakers indicated they wanted time to absorb the findings in the PRAG report and hear from the public before making comments.

Long said he believes a meeting with Mercer County's representative on the Parkways Authority, Mike Vinciguerra, should be held by the lawmakers and other officials.

The report recommends a legislative change to eliminate economic development and tourism from the authority's mission and refocusing the authority back on its original mission — providing "fee-for-service transportation."

The report calls for reduction or elimination of the Tamarack operating subsidy and administrative oversight and transfer to another entity with expertise in arts, crafts and culture. It also recommends liquidating non-Tamarack assets to pay down outstanding Tamarack bonds which would also reduce the turnpike's economic development subsidy and free up additional funds for pressing turnpike maintenance and other capital funding needs.

Under "Significant Findings" the report says:

— Cessation of tolls and transfer of turnpike operations to the West Virginia Department of Highways is not financially realistic, absent significant funding increases for surface transportation in West Virginia. The foregone toll revenue associated with the cessation of tolls equates to an increase of 5.5 cents per gallon in the gas tax.

Excluding the turnpike, the WVDOH estimates the state has unfunded surface transportation capital needs of $20 billion.

— Growth in toll revenues, 2.1 percent per year, has been "modest "since 2001 verses an average of 6.9 percent for comparable toll facilities.

— Growth in commercial traffic appears to be flattening. It has accounted for the larger portion of the revenue in the past few years.

— Turnpike passenger tolls are lower per mile than the average cost per mile for comparable facilities and would have to increase by 36 percent to be equal to the average.

— Tolls for five-axle vehicles are similarly lower than average at a difference of 40 percent.

— No other comparable toll facility among those researched has gone longer without a toll increase than the turnpike.

— Estimates indicate 76 percent of the tolls are paid by out-of-state motorists.

— Under the current toll schedule, the authority cannot maintain the existing turnpike at an acceptable level of service in the near and long terms.

— One-time toll revenue increases of approximately 68 percent to 96 percent in FY2008 would allow the authority to fully address the current estimated backlog of capital needs. The lowest end of this range makes use of a mixture of bonds and pay-as-you-go funding and allows approximately $41 million of additional bonds to be issued with final maturities of 30 years.

— 64 percent of turnpike roadways currently are in fair to poor condition verses authority performance targets of 25 percent, and the authority estimates the users of the turnpike incur additional annual vehicle operating costs of $3.6 million per year due to poor roadway conditions.

— Bridges, buildings and related facilities are in generally good condition.
— The value of turnpike capital assets, net of accumulated depreciation, has declined by 20 percent since 1990 because capital investment has not kept pace with depreciation.
— In the opinion of engineers and the authority, widening of the 7.8 mile stretch between I-64 and U.S.. Rt. 19 in the Beckley area is critical to improving levels of service and safety.
— Significant deferred maintenance of approximately $100 million exists as of Fy2007. Continuing to defer maintenance will cause further deterioration.
— The three southern counties with access to the turnpike have experienced greater per capita income growth, greater increases in workforce, lower rates of unemployment and greater growth in retail sales than other southern West Virginia counties without access to the turnpike, which indicates that the turnpike provides a substantial benefit to the businesses and residents of these counties.

From: Bruce.Prommersberger@CH2M.com
Sent: Sunday, February 25, 2007 8:12 PM
To: steve.holt@fhueng.com; rwharrison@comcast.net; Perez, Carla
Subject: Leaders to beg for rethinking of road funding
Leaders to beg for rethinking of road funding

By Gary Richards
Mercury News

When voters last fall approved a $20 billion bond measure to fix California's aging highway system, supporters heralded it as the biggest transportation investment in more than 15 years.

They were right. But the state's traffic needs are so great that the dollars are just a drop in the bucket -- as officials were painfully reminded last week.

Today, leaders from across the state will convene in Sacramento to plead for more money from the California Transportation Commission, whose first proposed allocation Friday of $4.5 billion in bond spending met with howls from Los Angeles to the Bay Area.

``This is unfair,'' said Jim Wunderman, president of the Bay Area Council, a regional business organization. ``It doesn't make any sense.''

The reaction should come as no surprise. The state's transportation program is ``in crisis and on the verge of collapse,'' according to a CTC report issued two years ago. During the next decade, the state faces a shortfall now estimated at $160 billion in unmet needs.

And that shortfall only covers state roads, said Carl Guardino, chief executive officer of the Silicon Valley Leadership Group, who will join the CTC board next month. ``That excludes local improvements like local streets and roads and county expressways, as well as federal projects,'' he said.

The new list of CTC staff recommendations means dangerous and outdated bottlenecks such as the interchange of Interstates 280 and 880 in San Jose and the I-80, I-680 and Highway 12 interchange in Solano County are no longer in line for immediate funding -- delaying major improvements by a decade or perhaps longer.

Even agencies that the CTC report recommended get money from the state are unhappy. East Bay leaders were stunned to get just $60 million for Interstate 580 -- the second-most-congested highway in the region -- instead of the $200 million they wanted. In Monterey County, the CTC recommended setting aside $26 million to fix the perilous intersection at Highway 1 and Salinas Road -- $11 million short of the $37 million needed.

``I don't know how I fund 70 percent of the construction of a project,'' said Debbie Hale, executive director of the Transportation Agency of Monterey County. ``We need to fund 100 percent.''

The CTC will vote on its recommendations Feb. 28 in Irvine. Changes are sure to be made after today's hearing, and Valley Transportation Authority officials hope widening Highway 101 south of Gilroy will get moved up in the funding process. The CTC recommended that it be put off for consideration until next year.

The usual ways to pay for road improvements appear limited. The state last raised the tax on gasoline in the early 1990s, doubling it to 18 cents per gallon. That measure passed partly due to Republican Gov. George Deukmejian, who gave traffic reports across the state from helicopters to deliver home the congestion commuters faced each day.

``I have not heard statewide leaders calling for a gas tax increase to make up for the transportation shortfall,'' Guardino said. ``It is a fair question to ask, however, as we consider all of our options to keep California moving.''

But Eileen Goodwin, a traffic consultant who oversaw the completion of Highway 85 in 1994, said she does not sense ``a push for a gas tax from the general voting public yet. I really don't sense an urgency out in the more suburban, rural areas especially, which I would think would be necessary to pass something statewide.''

In addition, passing more countywide sales taxes is much more difficult than in 1984, when Santa Clara County became the first county in California to tax itself to help pay for state highway upgrades. Such measures now need approval by two-thirds of voters, not a simple majority. Last year, tax measures in Santa Clara, Monterey, Santa Cruz, Sonoma and Marin counties failed to get a ``super majority'' vote.

State voters last fall did approve shifting the sales tax on gas purchases to traffic needs, a move that will raise $1.3 billion a year. It helps, said Andy Chesley, executive director of the San Joaquin Council of Governments. But it's not enough.

``The state's investment in transportation has been falling well short of what is necessary,'' he said. ``And we are only falling behind at an ever increasing rate.''

MediaNews reporters Erik N. Nelson and Genevieve Bookwalter contributed to this report. Contact Gary Richards at mrroadshow@ mercurynews.com or (408) 920-5335.

From: Arturo Perez [arturo.perez@ncsl.org]
Sent: Friday, February 09, 2007 10:54 AM
To: Perez, Carla
Subject: Nevada's Blue Ribbon Transportation Commission

Two legislators want state voters to decide

By ED VOGEL
REVIEW-JOURNAL CAPITAL BUREAU

Assemblywoman Peggy Pierce, D-Las Vegas, listens Friday to the Blue Ribbon Task Force evaluate long-term transportation projects. Seated with Pierce are, from left, Mo Denis, D-Las Vegas, William Horne, D-Las Vegas, and Joseph Hogan, D-Las Vegas.
Photo by K.M. Cannon.

CARSON CITY -- Two legislators suggested Thursday that Nevada voters be asked to decide next year whether they want to increase taxes to come up with $3.8 billion needed to construct 13 major highway projects.

"We passed a first Question 10 in Clark County and then a second Question 10. Perhaps we are looking for a third Question 10 to take to voters," said Assemblyman David Parks, D-Las Vegas, referring to two previous highway construction ballot measures in the state's most populous county.

Under his proposal, however, approval would be needed from voters from across the state, although most of the highway projects are in Clark County.

Assemblyman Harry Mortenson, D-Las Vegas, said voters might be given a list of possible taxes and asked to mark the ones they would favor increasing to fund the Nevada Department of Transportation's projected highway construction shortfall through 2015.

"Gas taxes, sales taxes. Give voters a choice," he said.

Their comments came during a meeting in which members of the Blue Ribbon Task Force on Transportation addressed the Assembly Taxation and the Assembly Transportation committees. The task force made a similar presentation to the Senate Transportation Committee later in the day.

The task force studied state highway needs for 18 months. In December it proposed raising gasoline taxes, increasing the cost of a driver's license, reducing vehicle depreciation fees, and placing some sales taxes in a highway trust fund to cover the construction shortfall.

But Gov. Jim Gibbons has stated repeatedly that he opposes any new tax increases. Last week the governor criticized the task force, saying members did not give him enough options for funding.

With the governor's opposition to new taxes, the Legislature might have no choice but to pass the issue to voters, the lawmakers suggested.

Senate Transportation Chairman Dennis Nolan, R-Las Vegas, said he does not expect the issue to be decided for "another 115 days," or just before the Legislature's scheduled June 4 adjournment.

Voters in other states generally have backed tax increases for road construction if they are told specifically where highways would be built, according to task force member Tom Skanke.

"Telling fellow Nevadans they have to get used to a two-hour commute is just not acceptable," he said. "Do not be afraid to vote for a tax increase. At some point you have to pay, now or later."

"This will cost a driver of a car about $1.25 a week," task force Chairman Phil Peckman said.

Peckman said his committee found all the projects should be constructed to avoid drivers from being overwhelmed by gridlock.

"We didn't want our proposal to be dead on arrival, but it may be anyway," he said. "We looked at every single tax in the state."

"Nobody likes tax increases, nobody likes fee increases, but the quality of life in Nevada is at stake," said another task force member, Lyon County Commissioner Leroy Goodman.

But state Sen. Bob Beers, R-Las Vegas, contended not all highway projects the task force identified as vital are necessary.

He questioned the need to spend $100 million widening U.S. Highway 95 from Washington Avenue to Kyle Canyon Road. He said the Department of Transportation's own studies show that highway will not be overly congested in 2015.

"I'm not suggesting we don't need any construction, but the list of projects to generate this crisis is overly dramatic," he said.

Topping the list of projects the task force identified as vital were:

• The $1.2 billion widening of Interstate 15 from Tropicana Avenue to the Spaghetti Bowl in downtown Las Vegas.

• The $1.3 billion widening of U.S. 95 from the Spaghetti Bowl to Foothills Road in Henderson.

• A $470 million Boulder City bypass to handle U.S. Highway 93 traffic to and from the new bridge being built over the Colorado River.

From: Bruce.Prommersberger@CH2M.com
Sent: Friday, March 16, 2007 1:07 PM
To: steve.holt@fhueng.com; rwharrison@comcast.net; Perez, Carla
Subject: Report: Tolls can't meet future highway needs

Thursday, March 08, 2007

Report: Tolls can't meet future highway needs

By Eric Kelderman, Stateline.org Staff Writer

State highway officials warned Wednesday (March 7) of a looming $11 billion hole in federal highway funds and said the growing shift toward tolls and private leases of roads can’t generate enough money to meet the nation’s short- or long-term transportation needs.

Instead, the federal gas tax of 18.4 cents per gallon, last raised 14 years ago, would have to go up at least 3 cents by 2009 and 7 cents more by 2015 just to maintain the current highway system and keep pace with the fast-rising cost of roads, according to a new report by the American Association of State Highway and Transportation Officials (AASHTO).

One popular solution to road-funding woes involves state and local governments adding toll lanes or leasing toll roads to private companies. In 2005, Indiana Gov. Mitch Daniels (R) inked a $3.85 billion deal to lease the Indiana Toll Road to an international consortium for 75 years. In 2002, Texas Gov. Rick Perry (R) launched a 50-year plan to build 4,000 miles of privately financed toll roads along portions of I-69 and I-35. Pennsylvania and New Jersey are considering leasing portions of their toll roads to private companies.

In 2005, tolling earned $7.7 billion, which was 5 percent of highway revenues nationally, AASHTO reported. Tolling could increase to 9 percent of highway funds over the next decade, a significant amount but not a "silver bullet" to fix the country's transportation funding problems, said Victor Mendez, director of the Arizona Department of Transportation and AASHTO president.

Pete Rahn, director of the Missouri Department of Transportation, said states are looking for innovative ways to use the marketplace. “But the reality is, no matter how far we try to stretch these resources, we're not even coming close to dealing with the real needs of the critical roads that are the lifeblood of this country," he said.

The report is the first of six that AASHTO plans to provide a congressionally chartered panel analyzing the country’s future transportation needs. The last similar comprehensive study was issued in 1979 and called for deregulation of the aviation, rail and trucking industries and major investments in transportation.

The AASHTO report said the capacity of the Interstate highway system will have to double during the next 50 years and the number of people riding public transportation should double within 20 years. Railways must be prepared to handle a 63 percent increase in freight by 2035, according to the association's estimates.

The half-century old Interstate highway system is in danger of being overwhelmed by long-term neglect, a steady increase in the number of drivers, a stagnant source of funding and rampant inflation of road-building costs, according to AASHTO.

The biggest immediate hurdle to improving roads is that federal gas taxes, which pay for more than 45 percent of the nation's transportation infrastructure, have not been raised since 1993 and are not even sufficient to cover the spending authorized in the 2005 federal transportation law. Federal gas taxes will fall $11 billion short of planned road projects by 2009, but the gap could be as big as $19 billion the following year.

U.S. Rep. Jim Oberstar (D) of Minnesota, chairman of the U.S. House Committee on Transportation and Infrastructure, said the average individual pays $240 a year for gas taxes, or about 2 cents per mile driven. He told state highway administrators, meeting in Washington, D.C., that political will is needed to raise the gas tax, as three of the last four presidents have done.

A longer-term problem is that the cost of building and fixing roads has grown rapidly in recent years. Between the last gas-tax hike in 1993 and 2015, construction costs will have increased by more than 70 percent, report stated.

Mendez of Arizona said costs in his state have risen 20 percent to 30 percent in the past 18 months because of higher-priced steel, oil for asphalt, and fuel for road-building equipment.

While the United States faces financial shortfalls in keeping up its highway system, emerging economies such as China are being bolstered by major transportation initiatives, AASHTO warns. China, with a population of 1.3 billion compared to 301 million in the U.S., is building a 53,000-mile expressway system -- 6,000 miles more than U.S. interstates -- that is slated to be finished in 2020.

Related Story: Road funding takes a toll on states

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Contact Eric Kelderman at: ekelderman@stateline.org.

From: Bruce.Prommersberger@CH2M.com
Sent: Sunday, February 25, 2007 3:46 PM
To: steve.holt@fhueng.com; rwharrison@comcast.net; Perez, Carla
Subject: Va. House, Senate Approve Roads Bill
Va. House, Senate Approve Roads Bill

By Michael D. Shear and Amy Gardner
Washington Post Staff Writers
Sunday, February 25, 2007; Page A01

RICHMOND, Feb. 24 -- Lawmakers passed Virginia's first transportation plan in a generation Saturday, voting to spend $1.5 billion a year on roads, bridges and transit after ending a Republican feud that has stymied them for years.

The 105-page bill, engineered by Republicans, would pay for improvements in roads and mass transit using $2.5 billion in bonds paid back from the state's general fund. The Virginia Department of Transportation would get an infusion of cash for road maintenance. And Northern Virginia would stand to gain an additional $400 million a year from taxes and fees that must be approved by local officials.

But the first major attempt to meet the state's transportation needs since a gas-tax increase in 1986 was immediately condemned by Gov. Timothy M. Kaine (D), who said he will make "significant changes" to it.

To become law, the plan needs the governor's signature, giving him leverage over its final shape. Lawmakers will consider those changes in a one-day session April 4. If they do not go along with them, Kaine can veto the entire bill.

Most of the legislature's Democrats agreed with Kaine that the plan is inadequate and a threat to the state's other core services, such as education and public safety. They said it would not ease traffic congestion for the state's many weary commuters.

Approved easily in the House of Delegates by a vote of 64 to 34, the plan's razor-thin passage in the 40-member Senate was uncertain until the final moment, leaving legions of lobbyists, lawmakers, governor's aides and reporters in doubt until 21 green lights appeared on the Senate's electronic voting board. The final tally, on the last day of the 2007 session, was 21 to 18, with one senator not voting.

Enlarge This Photo

Virginia House Minority Leader Ward L. Armstrong (D-Henry) hugs Del. Paula Miller (D-Norfolk) as they leave the House chambers in Richmond. On the last day of the session, the House approved the transportation bill by a vote of 64 to 34; the Senate, 21 to 18. (Photos By Steve Helber -- Associated Press)

How Northern Virginia Lawmakers Voted on the Transportation Plan

House Republicans for the plan -- David B. Albo (Fairfax), Vincent F.

"We can whine and cry about us not getting everyone else to pay for our roads, or we can act decisively and get something done," Del. David B. Albo (R-Fairfax) told his colleagues. "If you want to take a massive step forward, vote yes."

By approving the bill, Republicans hoped to erase a perception among voters that they are unable to govern and are mired in philosophical squabbles between the anti-tax, conservative House and the more moderate Senate. Lawmakers now head home to begin campaigning for an election that is about eight months away.

"Everybody was talking about how Republicans can't govern," Albo said. "Well, we just delivered the largest transportation package in the history of Virginia to the governor's desk."

Republicans, who control both chambers, had put together the plan this year, when all 140 House and Senate seats are up for election. A key dispute centered on the use of money from the general fund, which pays for most state services and programs. Kaine and many senators favored a statewide tax increase to finance the transportation projects, but the plan approved Saturday calls for most of the money to come from borrowing $2.5 billion and paying the debt costs out of the general fund.

The governor, who campaigned in 2005 on a promise to solve the state's transportation crisis, had spent the previous 48 hours urging lawmakers to defeat the plan, calling it "bogus," "irresponsible" and "a very bad idea." He had threatened to call a special session of the legislature if the plan had failed, promising to deliver a proposal of his own. The approval was a blow to his influence and relationship with the Republican leaders he had opposed.

"I'm going to give the bill a public airing and do what should have been done [by the General Assembly]: a public airing and a public discussion," Kaine said after lawmakers adjourned at 6:02 p.m.

Whether he does that could depend on what voters come to believe about the sweeping, complicated plan negotiated largely behind closed doors by a group of top Republicans.

Callahan Jr. (Fairfax),Timothy D. Hugo (Fairfax), L. Scott Lingamfelter (Prince William), Joe T. May (Loudoun), Michele B. McQuigg (Prince William), Jackson H. Miller (Manassas),Thomas Davis Rust (Fairfax).

What Happened to Key Issues

The Virginia General Assembly is scheduled to adjourn later today. Here is a scorecard showing how lawmakers disposed of some of the major issues. Gov. Timothy M. Kaine has 30 days to either sign into law, veto or amend bills sent to him. Lawmakers return April 4 to consider vetoes.

If Virginians decide the plan is a good start toward solving the state's transportation problems, Kaine might be forced to live with provisions he finds objectionable. But if he convinces voters that the plan is, as one Democratic senator called it, "smoke and mirrors," he could earn public support for a veto.

As passed Saturday, the plan would raise auto registration fees by $10 and increase fines for bad drivers and registration fees for heavy trucks.

It would also give officials in Northern Virginia's governments permission to raise taxes and fees to create a pool of transportation money that would not be shared with the rest of the state. They would increase rental car fees, commercial real estate taxes, driver's license fees and hotel taxes.

But those increases are not certain to be enacted. Elected officials in Northern Virginia have been critical of the plan, saying it has provisions that are hostile to local governments and that would shift the burden for raising taxes to them. Most supervisors in the region are also up for reelection in November.

Debate on the plan was fierce, especially in the Senate, where Democrats banded with two of the chamber's longest-serving Republicans to oppose the bill. Senate Finance Chairman John H. Chichester (R-Northumberland) and Sen. H. Russell Potts Jr. (R-Winchester) voted against it.

Potts used words such as "arrogance" and "high-handedness" to describe House Republicans and mocked their use of myriad fee increases instead of modest increases to gasoline, sales or income taxes.

"I love this word 'fee,' " the retiring senator said sarcastically. "Fee is spelled t-a-x."

Critics of the transportation plan predicted that Kaine will play hardball with Republicans to improve it. "The bill that is signed into law won't look anything like what you saw today. Nothing like it," said Sen. Richard L. Saslaw (D-Fairfax).

Enlarge This Photo

Virginia House Minority Leader Ward L. Armstrong (D-Henry) hugs Del. Paula Miller (D-Norfolk) as they leave the House chambers in Richmond. On the last day of the session, the House approved the transportation bill by a vote of 64 to 34; the Senate, 21 to 18. (Photos By Steve Helber -- Associated Press)

How Northern Virginia Lawmakers Voted on the Transportation Plan

House Republicans for the plan -- David B. Albo (Fairfax), Vincent F. Callahan Jr. (Fairfax),Timothy D. Hugo (Fairfax), L. Scott Lingamfelter (Prince William), Joe T. May (Loudoun), Michele B. McQuigg (Prince William), Jackson H. Miller (Manassas),Thomas Davis Rust (Fairfax).

What Happened to Key Issues

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And even supporters of the measure said they will work with the governor to make changes. Republican lawmakers said the struggle to reach a compromise between the House and Senate produced a package of proposals that was less than perfect.

"This is the best plan that the General Assembly could produce in this political atmosphere," said Sen. Thomas K. Norment Jr. (R-James City). "The question is, how can the governor improve upon it without poisoning it?"

Sen. John C. Watkins (R-Chesterfield) provided the bill's margin of victory after calling it failed legislation that needed to be kept alive so the governor could amend it. "It is perverse logic that I stand here before you and urge you to vote for something I think is inoperable," Watkins told senators before voting to approve it.

The plan's chief sponsor, House Speaker William J. Howell (R-Stafford), said its approval is a signal moment for the legislature's Republican leadership.

"They call this the 'short session,' " Howell said in a statement after the assembly adjourned. "But judging from the impressive list of legislation approved, there was nothing short about our accomplishments."

Staff writer Tim Craig contributed to this report.

to consider vetoes.

Public Response

From: Bruce.Prommersberger@CH2M.com
Sent: Monday, March 19, 2007 11:16 AM
To: steve.holt@fhueng.com; rwharrison@comcast.net; Perez, Carla
Subject: Businesses pressure governor on roads
March 16, 2007

Businesses pressure governor on roads

State gets an F grade for funding and safety

By Joe Schoenmann
Las Vegas Sun

With Clark County roads nearing congestive traffic failure, even supporters of Gov. Jim Gibbons, whose "no taxes" mantra so endeared him to business community voters last November, are starting to pressure the governor to figure out how to raise money for road construction.

In the words of Tim Cashman, a Las Vegas Chamber of Commerce government affairs committee member: "It's called leadership."

Cashman, former chamber chairman, spoke at the Rio on Thursday morning, addressing points from a report released by The Road Information Program, or TRIP, a nonprofit Washington group funded by construction, labor, highway and other transportation-related organizations.

The report, "Making the Grade in Nevada," gave the state an F for both funding and road safety, and a D for traffic congestion. It gave road conditions in the Las Vegas area a C. Las Vegas alone also received an F in safety and funding.

But the findings of the report are less important than the marriage of interests that brought it to light. The Chamber of Commerce invited - indeed, helped to spread - bad news about Las Vegas.

When that happens, primal forces are at work.

In this case, the Las Vegas business community was sending a signal to the governor at a time the Legislature is trying to close a gap between two realities: Gibbons' opposition to higher taxes, and the state's need for $3.8 billion more for road construction through 2015.

Without it, traffic gets worse - and that's bad for Las Vegas commerce.

"The Legislature and governor need to put this together, and put this together this session," Cashman said. "Because the longer we wait, the more difficult it's going to be. There's a lot of conversation and talk about taking the solution to the voters, but if we do that, that vote is two years away."

Without moving money from other state programs to highway construction, Cashman, who sat on a state task force to study long-range transportation issues, said increasing the gas tax at the rate of inflation is one task force proposal worth considering.

The state's current gas tax - dedicated to state highway repairs - is 17.65 cents per gallon. The tax was set in 1992. Had that tax increased at the inflation rate over the next 14 years, it currently would be about 26 cents per gallon.

The task force reported last year that Nevada already has one of the highest gasoline taxes in the country. Drivers in Clark County pay 53 cents per gallon in federal, state, mandatory county and optional county taxes.

Cashman said the state must find an additional $280 million per year, the amount it would pay for a 20-year bond to cover the $3.8 billion shortfall.

Without the road improvements, he predicted a slowing of the economy, which in turn would slow tax revenues, which would affect every other state-funded organization and program.

"The costs are never going to go down," he said. "And we have a lot of pressing needs in our community ¦ But none of those needs will be met if we hamper or slow down commerce in this community, because commerce creates the revenue that addresses the other needs in this state."

TRIP used the 427 traffic fatalities in Nevada in 2005 - a rate of 2.06 per 100 million vehicle-miles of travel, the seventh highest in the country - to give the state an F for safety. Using national estimates, Frank Moretti, TRIP's research director, said one-third of Nevada's traffic fatalities could be attributed to poor roadway safety features, including lanes that aren't wide enough, unpaved shoulders and a lack of rumble strips, which might snap distracted drivers back to attention as they veer off the road.

Moretti delivered a similar message in Northern Nevada late Thursday, with different grades: Reno/Carson City earned an F for road conditions, C for congestion, D for safety and, like Clark County, an F for funding.

The weeks ahead will determine whether Thursday's maneuver by the Las Vegas Chamber of Commerce is effective.

As Cashman left the press conference, he told an aide: "If this gets any coverage at all, it'll set off some fireworks."

Joe Schoenmann can be reached at 259-4096 or at joe.schoenmann@lasvegassun.com.

BBC NEWS

Roads petition breaks a million

More than one million people have signed an online petition against plans to introduce road charging in the UK.

The petition, which is the most popular on the Downing Street website, calls for the scrapping of "planned vehicle tracking and road pricing policy".

But No 10 has insisted that doing nothing would lead to a 25% increase in congestion "in less than a decade".

The petition was posted by Peter Roberts, from Telford, Shropshire, who said it was an "unfair tax".

Mr Roberts - whose petition broke through the million signature-barrier by 1045 GMT on Saturday - believes charging is unfair on poor people and those who live apart from their families.

He said the numbers signing his petition were "unprecedented".

> **It is time for the government to listen to the people rather than dictate**
> Peter Robert, campaigner

"There certainly hasn't been an electronic petition that has been this successful. I think it is one of the biggest petitions in history."

He said the only way road pricing could work would be if people were constantly monitored.

"That is an invasion of your privacy and I think it is a very sad day when a democratic government wants to track your movements.

"It is time for the government to listen to the people rather than dictate to the people."

Regional trials

The next-most popular transport petition on the Downing Street website has little more than 5,000 signatures.

The petitioner has been a member of the Association of British Drivers (ABD) since 2001.

The ABD, which is calling for a referendum on the issue, has been running a campaign to encourage people to sign but insisted Mr Roberts acted as an individual.

It makes me more determined to debate the real issues about how we tackle growing congestion
Douglas Alexander, Transport Secretary

The Department for Transport is planning regional trials of road pricing.

The ABD's Nigel Humphries said the government "ought to reconsider their whole position, they ought to scrap the whole idea of road-pricing and actually go back to working out what transport people need".

'No substitute'

Plans to introduce a nationwide "pay-as-you-drive" system were unveiled by former Transport Secretary Alistair Darling in 2005.

Mr Darling's successor, Douglas Alexander, has since suggested that road pricing could be brought in within a decade.

He said the scale of the response to the petition showed more debate was needed on congestion charging for motorists.

"The response to this petition makes the case for more debate, not less, on the issue of road pricing," he told the Times.

"It makes me more determined to debate the real issues about how we tackle growing congestion.

"I understand there are strong feelings on this issue but strong feelings alone are no substitute for considering how we tackle the challenge of congestion."

According to Edmund King of the RAC Foundation, the government needed to rethink its strategy.

"They need to be setting up a scheme overseen by an independent body, they need to guarantee that there will be other tax reductions on fuel tax or vehicle excise duty and they need to guarantee that the road network will be improved," he said.

Liberal Democrat transport spokesman Alistair Carmichael said the petition "misrepresents the case for road user pricing".

But he said it showed the government needed to be open with people about their plans.

"If the public feels that road user pricing is just another cash cow for the Treasury, then it will meet stiff resistance, and a real opportunity to reduce congestion will be missed," he said.

Story from BBC NEWS:
http://news.bbc.co.uk/go/pr/fr/-/1/hi/uk/6349027.stm

Published: 2007/02/10 16:30:45 GMT

Needs and Other Perspectives

From: Bruce.Prommersberger@CH2M.com
Sent: Friday, April 13, 2007 9:38 AM
To: steve.holt@fhueng.com; rwharrison@comcast.net; Perez, Carla
Subject: Transportation system has $18 billion funding gap

Transportation system has $18 billion funding gap

DAVID A. LIEB

Associated Press

JEFFERSON CITY, Mo. - Missouri's transportation system needs about twice as much money as it's expected to get over the next couple decades, according to a new long-range plan released Wednesday.

The 20-year cost for needed maintenance and improvements to Missouri's highways, bridges, bus systems, airports, railroads and river ports comes to more than $37 billion. By comparison, the projected transportation revenues over that time amount to $19 billion.

The gap is "a staggering number," said Pete Rahn, director of the Missouri Department of Transportation. "It shows we have a long way to go."

It's unlikely the state can raise enough money to meet all its transportation needs, which were derived partly from public suggestions and the priorities of local planning organizations, Rahn said. But lawmakers already are looking at ways to raise some additional money.

Unlike the department's five-year plan, which is updated annually, the long-range plan does not commit money to any particular road and bridge projects. Instead, it makes broader projections on population changes, traffic volumes and general transportation costs.

The 20-year plan projects a need for:

_ $16.3 billion to expand the highway system by adding lanes or constructing new roads, including $7.2 billion to rebuild Interstates 70 and 44.

_ $11.8 billion to maintain adequate conditions on existing state highways.

_ $4 billion for public transportation, including bus and light rail systems.

_ $3.5 billion to maintain bridges in adequate conditions.

_ $1 billion for passenger rail service, such as Amtrak.

_ $710 million for airports.

_ $60 million for river ports.

Those cost estimates are based on current dollars, meaning inflation could drive the actual cost significantly higher - perhaps doubling that to around $64 million, according to the long-range plan.

"The danger in a number like that is it's so large that a possible reaction to that is we can't do it all, so let's do nothing," Rahn said. "The challenge is to come up with something that can be done."

Without additional money, the department will have to focus primarily on taking care of the existing system, making some safety improvements and fixing only a few of the worst traffic bottlenecks. There would be no money available for additional services for other modes of transportation, the long-range report said.

Machelle Watkins, the department's transportation planning director, said the agency intends to work with local transportation planning groups to come up with two scenarios of what could be accomplished with additional money - one using a lower and the other a higher dollar figure.

In the Legislature, the chairman of the House and Senate transportation committees each have their own tax proposals.

Sen. Bill Stouffer, R-Napton, has proposed a 1-cent sales tax for 10 years to complete the $7.2 billion rebuilding of Interstates 70 and 44 with separate lanes for big trucks and passenger vehicles.

Rep. Neal St. Onge, R-Ballwin, has proposed to increase the sales tax by 1/2 cent, raise the fuel tax by 4 cents a gallon, impose a new sales tax on fuel and also raise fees for license plates. His plan would generate about $4.3 billion to rebuild I-70 with dedicated truck lanes, make other highway improvements around the state and increase funding for public transportation and river ports.

Neither of the legislative plans appears likely to pass this year. But lawmakers said they wanted to start a discussion about the proposals in hopes of getting something on the ballot as soon as 2008.

The transportation department's long-range planning process included a random telephone survey of 3,100 adult Missourians in 2005. A solid majority said they opposed higher taxes, even if the money is earmarked for transportation, according to the report released Wednesday.

"There is an overarching finding of the survey - Missourians want transportation improvements, but they do not want to pay additional fees or taxes for them," said the department's long-range planning document.

From: Bruce.Prommersberger@CH2M.com
Sent: Friday, April 13, 2007 9:24 AM
To: steve.holt@fhueng.com; rwharrison@comcast.net; Perez, Carla
Subject: $3.8 BILLION SHORTFALL: Trucks may bear burden

$3.8 BILLION SHORTFALL: Trucks may bear burden

Weight-distance tax proposed to help pay for road work

By ED VOGEL
REVIEW-JOURNAL CAPITAL BUREAU

CARSON CITY -- Assembly leaders unveiled a plan Wednesday to slap a tax increase on trucks to raise some of the money needed to relieve highway congestion in Nevada.

Speaker Barbara Buckley proposed the 15 cents-per-mile "weight-distance" tax on trucks as a partial solution to the state's projected $3.8 billion highway construction shortfall. The proposed levy is part of a package of taxes being looked at by Buckley and other legislative leaders to fund 10 major highway projects over the next eight years.

Buckley, D-Las Vegas, and Assembly Minority Leader Garn Mabey, R-Las Vegas, pledged during a news conference to lead a bipartisan effort to find the revenue for the projects, eight of which are in Clark County, before the Legislature adjourns June 4.

Though Mabey didn't commit to support the weight-distance tax on the trucking industry -- a tax that would raise $1.3 billion over the next eight years -- he did say Republicans want a bipartisan solution to the highway construction shortfall.

"I don't want a repeat of 2003," said Mabey, referring to the bitter partisan fighting and special legislative session during which the Legislature passed a record tax increase.

Buckley said of the tax plan: "There are certain industries that are not going to like this. But I think we will make a million Nevadans happy if they are not stuck in gridlock. I care more about what they think than what industries think."

Senate Majority Leader Bill Raggio, R-Reno, wouldn't pledge to find a solution to the shortfall this session.

"I am pledged to trying to do something," Raggio said. "We are all aware of the need."

Despite apparent Assembly solidarity, Gov. Jim Gibbons reiterated Wednesday his blanket opposition to any new tax increases -- including those to address traffic congestion.

"While I have not yet reviewed the proposals, I welcome innovative and creative transportation funding initiatives to address the challenges created by the tremendous growth of our state," Gibbons said in a statement. "However, I remain steadfast in my opposition to new or increased taxes."

Nonetheless, Buckley, Mabey and Assembly Transportation Chairman Kelvin Atkinson, D-Las Vegas, said the Legislature cannot go home without appropriating funds to reduce gridlock.

"Maybe the Legislature needs to do something the governor may oppose," Mabey said.

Buckley said Raggio, Mabey, Senate Minority Leader Dina Titus, D-Las Vegas, and others have agreed to serve with her on a committee to look at highway tax options. Only gas tax increases won't be considered, she said.

The chief lobbyist for the trucking industry, Paul Enos, chief executive of the Nevada Motor Transport Association, blasted the weight-distance proposal, calling it "absolutely horrible" for the trucking industry.

Local trucks picking up garbage and hauling cement often weigh more than 55,000 pounds and under Buckley's plan would be assessed the tax, he said.

It also would be difficult to enforce and costly for consumers, he said.

About 30 percent of trucks have found ways to dodge paying weight-distance taxes in the four states with such taxes, Enos said.

"You would have to rely on self-reporting, or have ports of entry at the 37 entrances and exits to this state," he said.

"It would hit the pocketbook of every single Nevadan. Everything from a new computer to a can of black paint comes on a truck," he said.

Ken Gilman, a manager for Las Vegas-based Neagle Freight Systems Inc., said the trucking industry should bear its share of the tax burden.

"Running (a truck weighing) 80,000 pounds is going to tear up the roads more than cars do, but they shouldn't bear the full burden," Gilman said. "It's everybody's concern."

Ron Lane, a trucker from Montana resting at a North Las Vegas truck stop Wednesday, said a weight-distance tax would hurt truckers trying to make ends meet.

"The freight rates are going to stay the same," he said, meaning brokers will not offer any more money to truckers to haul goods.

Between fuel prices and taxes, "I'm making less money now than I did 20 years ago," the 65-year-old said. "It used to be a good job."

Nevada had a weight-distance tax on trucks until 1989, when it was determined to be unconstitutional because it was levied only on out-of-state trucks.

A hearing to amend Assembly Bill 595 and add the weight-distance tax will be held this afternoon before the Assembly Transportation Committee.

Among the other proposals under consideration by Assembly leaders is a plan to require rental car companies to return to the highway construction fund half of a 4 percent tax they impose on renters. The change would bring in $87 million over the next eight years.

The weight-distance and car rental taxes won't raise enough to cover the $3.8 billion shortfall, Buckley said. But it would raise about $170 million a year, an amount that Regional Transportation Commission General Manager Jacob Snow testified Tuesday would pay off a $3.8 billion bond over 30 years.

The Nevada Department of Transportation has proposed selling bonds to raise the $3.8 billion and begin working on the highway projects between 2008-15.

The agency estimated $280 million a year in additional revenue would be needed to pay off $3.8 billion in bonds over 20 years.

Less additional revenue would be needed if the Legislature changed the law and allowed 30-year and 40-year bond payoffs, Snow said.

The $3.8 billion would pay for 10 "super" highway projects. Most of them are in Clark County and include several U.S. Highway 95 and Interstate 15 widening projects.

The tax increases proposed last year by a transportation task force formed by then-Gov. Kenny Guinn will be on the table, Buckley said.

Those proposed taxes -- placed in Senate Bill 324 -- include increasing car registration fees paid by motorists through a reduction in depreciation allowances, tacking $20 onto the cost of driver's licenses, and placing sales taxes from motor vehicle sales and repairs in the highway construction fund instead of the general fund.

Under a constitutional amendment sponsored by Gibbons, a two-thirds majority of both houses of the Legislature must approve any tax increase.

A two-thirds majority of the Senate and Assembly also would be needed to override a governor's veto of a highway tax bill.

"We hope it doesn't come to that," Buckley said. "We want to work with the governor on this package. ... There is a growing feeling among the legislators that we need to act."

Review-Journal writers Molly Ball and Francis McCabe contributed to this report.

From: Bruce.Prommersberger@CH2M.com
Sent: Friday, February 23, 2007 2:13 PM
To: steve.holt@fhueng.com; rwharrison@comcast.net; Perez, Carla
Subject: House Democrats Unconvinced by P3s

House Democrats Unconvinced by P3s

Democrats in the House of Representatives have expressed reservations about public-private partnerships, including brownfield asset sales such as the Indiana Toll Road and Chicago Skyway.

Congressman James Oberstar, chair of the House Transportation and Infrastructure Committee, and Peter DeFazio, chair of the Subcommittee on Highways and Transit, said yesterday (February 13) that they were unsure that P3s could be broadly applied to a national transportation program.

Both were speaking at a Subcommittee on Highways and Transit hearing on the role of P3s as an option for financing transportation infrastructure.

Integration Doubts
"It is true that private entrepreneurs can bring technological, managerial, and financial innovations to help accelerate the implementation of complex projects. We should encourage such private-sector participation in project financing and construction," commented Oberstar.

"But I am not convinced that 50 states, each pursuing its separate transportation priorities with their respective private-sector partners, will, in the end, produce a coherent, integrated, national surface transportation system using numerous public-private partnerships. Such a national system can only emerge with strong federal leadership, as when the Interstate System was being proposed and subsequently launched," he added.

DeFazio Comments
"There is a place for private investment in our nation's transportation system, but public-private partnerships need to be approached very thoughtfully. Some of the deals that states and cities have already entered into, like the Indiana Toll Road and the Chicago Skyway, are great investments for the private companies, but in the long-term will not serve the public," DeFazio said.

"Unless protections are built into the lease agreements, these deals allow private companies to make decisions to dramatically increase tolls or decrease road maintenance based on what generates the most profit for stock holders, not what's best for the travelling public. I am not opposed to public-private partnerships, but we must ensure that we maintain the integrity of the national transportation system, and protect the public interest."

Partisan Disagreements
While not a direct attack on P3s, it sets out the Democrats position on privatization issues and puts the House Transportation and Infrastructure Committee on a collision course with the US Department of Transportation (USDOT), headed by Secretary Mary Peters, who has spoken of the growing need for states to turn towards new forms of funding for transportation, including P3s and tolls.

John Duncan, the ranking Republican on the Highways and Transit Subcommittee, acknowledged the concerns expressed by Oberstar and DeFazio but stated that toll roads and road pricing were an important financing alternative.

“Many of the innovative procurement models of PPPs, such as design-build and design-build-operate-maintain projects, have a proven track record of saving time and money, and of being operated more efficiently”, said Duncan.

“It is very important to make sure that decisions made by State and local governments regarding long-term lease agreements are made with the public good firmly at the forefront.

“I am also concerned that some of these long-term lease agreements provide a large financial windfall for the current governor or mayor while leaving future elected officials holding the bag.

“However, it is only fair to point out that we in the US are still fairly new at the business of private sector financing for infrastructure investment. We will get better at managing these innovative financing tools with time and experience,” he concluded.

Peter Allison
Editor
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From: Bruce.Prommersberger@CH2M.com
Sent: Sunday, February 25, 2007 8:11 PM
To: steve.holt@fhueng.com; rwharrison@comcast.net; Perez, Carla
Subject: Time to treat transportation funding as a business, DOT Secretary Peters tells U.S. commerce leaders
Time to treat transportation funding as a business, DOT Secretary Peters tells U.S. commerce leaders

John D. Schulz, Contributing Editor -- 2/14/2007
WASHINGTON—The United States needs to employ innovative public-private partnerships to combat increasingly crippling congestion on its aging transportation infrastructure system, Transportation Secretary Mary E. Peters told American business leaders at the U.S. Chamber of Commerce symposium on transportation and the global economy on Feb. 13.

Traditionally, transportation has been funded by a combination of federal and state governments, but government funds no longer are sufficient to meet demands of the future. Forecasts of up to 70 percent growth in freight demand in the next 10 years are causing federal and state officials to rethink the way transport projects are funded, Peters said.

“For many years, transportation was government-planned and government-made,” Peters said. “Transportation is a business. If we treat it as a business, maybe it can become a source of growth in America, rather than a source of irritation.”

Peters called increasing private enterprise in transport projects “one of the most exciting things in transportation today.”

State budgets are being strained for transportation and fuel taxes are no longer enough to sufficiently fund transport projects, Peters said.Involving the private sector also promotes better accountability than government, she added.

“The free market can deliver to transportation innovation and quality that it has long delivered in U.S. business,” Peters said. “It’s an idea whose time has come.”

Peters, who has more than 20 years experience in transportation, formerly served as Federal Highway Administrator and director of the Arizona State Department of Transportation.

“America’s transportation system, once the envy of the world, is being stretched beyond its capacity,” said Carol Hallett, counselor to the U.S. Chamber, which has been actively lobbying for more transport spending. Railroads, ports, interstates, airports and links to intermodal facilities are all “wearing out,” according to Hallett.

Peters said traffic congestion, delays in the skies and on the ground, lack of capacity, and the aging infrastructure are all threatening U.S. competitiveness. Even the railroads, which once had an oversupply of capacity, are overflowing with freight. The rail industry long has embraced public-private partnerships to help finance capacity expansion that otherwise would be impossible if the railroads had to pay solely for those improvements.

Craig F. Rockey, vice president of policy and economics for the Association of American Railroads, said the rail industry is backing a 25 percent investment tax credit for private-sector expenditures to help create more rail capacity.

T. Peter Ruane, president and CEO of the American Road and Transport Builders Association (ARTBA), said the nation's productivity is threatened by a lack of long-term planning for transportation expansion and funding. He said there is a $45 billion gap in transportation funding just to maintain the current system at adequate funding levels.

The trucking industry loses more than 200 million hours a year (at a cost of $8 billion) because of costs associated with congestion, Ruane said.And congestion is growing by 8 percent a year. Delays at one major border crossing, the Ambassador Bridge in Detroit, cost truckers between $150 million and $200 million annually.

ARTBA is backing a plan that would index the fuel tax (now 18.4 cents a gallon for gasoline, 23.4 cents for diesel, unchanged since 1993) to inflation. By 2015, inflation will have eroded the spending power of those taxes by 70 percent. Ruane said his group is also backing public-private projects, including intermodal connectors and "truck-only" lanes on key interstate lanes.

Peters said her priorities at DOT include improving performance and assuring the nation has "21st century solutions for 21st century" transport challenges. "America's businesses unfortunately are spending a lot of time in the slow lane," Peters said.

Peters went on to say that America cannot afford being tied up in traffic. "Our status quo is threatening economic freedom which is so important to this country," she said.

The federal DOT has estimated delays in the U.S. transport system cost this country $200 billion annually, or about 2 percent of Gross Domestic Product (GDP).

The most recent $3 trillion budget includes $175 million for what Peters called a "congestion relief strategy" that would target congestion in cities, ports, borders, airports, and interstates. Beginning this spring the federal government plans to dole out $230 million in grants for localities to build electronic toll systems to help ease congestion and steer traffic into using "peak-pricing" tolls to spread out traffic.

"Everyone from governors to mayors to business leaders has expressed great interest in this initiative," Peters said. "We are focused on keeping this plan moving forward."

In the skies, Peters is working to open international markets, especially to the Far East.

In April, DOT will add 12 new air cargo flights to China. Peters said she will personally travel to China this spring to lobby for more direct flights. And she’s working on more than just air: Next month Peters said she plans to meet with ministers of transport of Mexico and Canada on transport-related issues.

“Our goal is to free all of us to make daily decisions without worrying about whether we’ll get there on time,” Peters said.

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