

Fourth meeting of blue ribbon committee

As part of their mission to find alternative funding for Arkansas road maintenance and new construction, the Arkansas Blue Ribbon Committee on Highway Finance met for a fourth time, Wednesday, Aug. 19 in Room 171 at the Arkansas State Capitol.

Earlier this year and in response to an anticipated funding shortfall from federal and state resources, the Arkansas State Legislature put together a 19-member committee to study the state's roadway system. It's tasked with the job of finding adequate funding for the state's 99,811 miles of state, county and city roadways. Funding needs are estimated at more than \$19 billion.

A few minutes after 10 a.m., committee Chairman John Paul Capps called the meeting to order. After housekeeping measures, including a call to order and the passage of the last meeting's minutes, Capps welcomed Rep. Vic Snyder, 2nd Congressional District.

Your challenge is not just an Arkansas problem, but one faced by every state in the country and at the federal level, Snyder said during his opening.

It's a two-tiered predicament, with short-term and long-term issues created by more fuel efficient vehicles and a drop in both leisure and business travel, and is compounded because there has not been an increase in the federal fuel tax since 1983.

While most cheered the 230-mile Volt recently announced by Chevrolet, it's bad news for the Arkansas State Highway and Transportation Department, Snyder said. Vehicles with substantially better gas mileage will only further erode the tax base used to fund America's highways.

Conservation is a trend Snyder believes will continue over the next 10 years and could ultimately cause the federal government to rethink the way it taxes drivers.

It's a difficult time for the American economy, but we need to find a different way to pay for things, Snyder said.

For example, Minnesota Rep. James L. Oberstar, House Transportation and Infrastructure Committee Chairman, is working to find alternative funding sources.

In part, his solutions include: the General Treasury Fund repaying \$8 billion it borrowed from the Highway Trust Fund in 1990; expanding the Metropolitan Mobility and Access program; issue U.S. Treasury Bonds; many of the fuel tax exemptions need to be repelled; add a per barrel fee increase on imported crude, gas or diesel; and a transaction fee on gas speculation.

In the short term, President Barack Obama and the U.S. Senate moved \$7 billion to the Highway Trust Fund—basically, allowing it to remain solvent.

However, that isn't a long-term solution, Snyder said. There is a six-year plan—not just a quick fix—that would put about \$500 billion, up from the planned \$325 billion, into the highway

trust. It is likely to be at least 18 months before a long-term solution is put to a vote by the U.S. Congress.

During the question-and-answer portion of Snyder's talk, Bill Fletcher said he was excited about Oberstar's proposal and asked what the probability of any it being put into legislation before the Blue Ribbon Committee retired in about 18 months. Snyder said it was unlikely but he would talk to Oberstar about his proposals.

Mark Lamberth asked if there was support for raising the federal gas tax.

Snyder said he didn't believe there was support for such a measure at this time.

Immediately following Snyder, the committee heard from the Federal Highway Administration Office of Innovative Program Delivery's Senior Advisor Mark Sullivan.

To date, Sullivan told the group, the Transportation Infrastructure Finance and Innovation Act (TIFIA) had invested about \$6.6 billion in 18 projects around the country. The goal of TIFIA is to provide credit assistance to projects of national significance generating major economic benefits through supplemental and subordinate capital, according to Dan Corbett, Professional Staff Member, U.S. Senate Committee on Environment and Public Works. Any work must be supported at least in part by user charges, a toll, or other dedicated revenue streams.

Like the Arkansas congressman, Corbett talked about the declining tax base as well as looking for alternative revenue sources. The forecast, he said, didn't meet the need of our highway system, according to the National Surface Transportation Policy and Revenue Study Commission and the National Surface Transportation Infrastructure Financing Commission. The Bipartisan Policy Center's National Transportation Policy Project's assessment of the future of funding reached the same conclusion.

Basically, the highway system—at the county, city, state and federal levels - is under stress.

The older user tax system, developed in 1956, was efficient and worked at the time, but that is no longer the case, he said. As it stands now, the system is under-charging.

At some point, drivers may pay per mile instead of per gallon, he said.

Like Snyder, he said, reduced gas consumption is a positive for society. However, individual areas may need to come up with their own best solutions, whether it's more roads, rail or a at look other modes of transportation.

Arkansas Highway Commission member and a Blue Ribbon Committee member Madison Murphy asked if AHTD Director Dan Flowers could address Sullivan.

First Flowers expressed concern that Arkansas doesn't have the volume of traffic found on the East Coast and that the public/private partnership offered by the TIFIA program might not be applicable. Sullivan said agreed toll roads might not work in Arkansas, but in Mississippi and Alaska, both rural states, there are successful private/public partnerships.

In other business, Capps named the appointments to the New Revenue Subcommittee and the Revenue Transfer Subcommittee.

New Revenue Subcommittee members include: Chair Jim McKenzie of Little Rock, subcommittee chairman; State Rep. Bill Sample, Hot Springs; Charles Dains of Conway; Bill Fletcher of Hot Springs; Wayne Hartsfield of Searcy; Mark Lamberth of Batesville; Bill Lynch of Heber Springs; David Malone of Fayetteville; Mark McBryde of Little Rock; and Mike Wilson of Jacksonville.

Revenue Transfer Subcommittee include: State Sen. Gilbert Baker, Conway; State Sen. Paul Miller, Melbourne; State Rep. John Lowery, El Dorado; State Rep. Bruce Maloch, Magnolia; State Rep. Allen Maxwell, Monticello; State Rep. Bill Sample, Hot Springs; Madison County Judge Wes Fowler; Conway Mayor Tab Townsell; Bill Fletcher of Hot Springs; and David Malone of Fayetteville; and Arkansas Highway Commission member Madison Murphy, Conway.

The fifth meeting of the Arkansas Blue Ribbon Committee on Highway Finance will be held Wednesday, Sept. 16, at the Arkansas State Capitol in room 171.