Federal Transportation Revenue Situation

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Objectives

• To provide the Board with an update on the National funding issues

• To provide you with information on the bullet we just dodged this past week

• To briefly look at what has to happen in order to have viable Federal funding in 2010 and beyond
Problem 1: An Immediate Funding Crisis

$13.2 Billion Cut in Federal Highway Program Obligations if Congress Takes No Corrective Action

*Obligation level proposed in the President’s 2008 budget request, which includes a suspension of $631 million in RABA funding.
Current Events

• The Congress acted last week to avert a shutdown in payments to the States adding $8 billion to the HTF
• While it was critical to act we just put a band-aide on a hemorrhage
• We need to understand that any fix is simply a short-term solution
• Difficult choices are necessary in the authorization legislation
Reduced Transit Program Levels Beyond 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$10.4</td>
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<tr>
<td>2011</td>
<td>$5.8</td>
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<tr>
<td>2012</td>
<td>$5.9</td>
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<tr>
<td>2013</td>
<td>$6.1</td>
</tr>
<tr>
<td>2014</td>
<td>$6.2</td>
</tr>
<tr>
<td>2015</td>
<td>$6.4</td>
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</table>
Decline in Vehicle Miles Traveled

Vehicle Miles Traveled (June 2004 to June 2008)
The Impact of Inflation

Percentage Reduction in Purchasing Power Between 1993-2015
The Revenue Picture

Highway and Transit Program Level and Trust Fund Revenue

- Highway Program
- Transit Program
- Highway Account Receipt
- Transit Account Receipt

($ billions)

2007: 41.0
2008: 44.2
2009: 43.6
2010: 23.6
2011: 33.0
2012: 33.7
2013: 34.4
2014: 35.1
2015: 35.8

2007: 9.0
2008: 9.5
2009: 10.1
2010: 10.3
2011: 4.9
2012: 5.0
2013: 5.1
2014: 6.6
2015: 6.8
Restoring Purchasing Power

Federal Highway Program Funding Needed to Restore Program Purchasing Power

<table>
<thead>
<tr>
<th>Year</th>
<th>Funding (Billions)</th>
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</thead>
<tbody>
<tr>
<td>2009</td>
<td>$43.6</td>
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<tr>
<td>2010</td>
<td>$47.0</td>
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<tr>
<td>2011</td>
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<td>2012</td>
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<tr>
<td>2014</td>
<td>$63.7</td>
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<tr>
<td>2015</td>
<td>$72.8</td>
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Some Highway Trust Fund Options to Increase Revenues

Highway Program Level Made Possible 2015

- 10 Cent Rate Increase $75 billion
- 10 Cent Rate Increase, Indexed to CPI $82 billion
- Five Percent Sales Tax on Gas $85 billion
  (if fuel prices increase 4% annually)
- 14.2 Percent Sales Tax on Gas $95 billion
  in lieu of 28.4 Cent Gas Tax
  (if fuel prices increase 4% annually)
All Levels of Government Must Continue to Fund Their Share

National Capital Investment in Highways
 *(billions)*

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2015</th>
<th>Funding Increase Needed</th>
<th>New Toll Revenue</th>
<th>Net Required</th>
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</thead>
<tbody>
<tr>
<td>Federal</td>
<td>$43</td>
<td>$75</td>
<td>$32</td>
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<td>$32</td>
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<tr>
<td>State/Local</td>
<td>$52</td>
<td>$95</td>
<td>$43</td>
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<td>$35</td>
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<tr>
<td>Total</td>
<td>$95</td>
<td>$170</td>
<td>$75</td>
<td>$8</td>
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</tbody>
</table>
Funding for Infrastructure Projects

User Fee-Based Funding
Including Grants, Tolling, and Other Assessments

General Funds and Tax Assessments

Innovative Financing

Special Funds

PPP’s

Source: Federal, State, and Local Grants

Source: Mostly Local Grants and Development Fees

Source: State and Local Funders

Source: State and Local Funders and the Private Sector

Source: Mixture of Public and Private Funders
Questions?

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