POLICY POSITION
OF THE
SOUTHERN LEGISLATIVE CONFERENCE

REGARDING FEDERAL SURFACE TRANSPORTATION REAUTHORIZATION

BACKGROUND

Federal funds remain critical in financing the nation's surface transportation network, an absolutely vital element in ensuring the economic competitiveness of the United States in the contemporary global economy. The disbursement of these federal funds to the states usually takes the form of a multi-year authorization and often delineates the nation's transportation priorities over this period. The current authorization, the *Moving Ahead for Progress in the 21st Century Act (MAP-21)*, appropriated $105.2 billion for federal highway and mass transit programs through federal fiscal year 2014. While MAP-21 would have been in effect for a relatively scant 27 months when it expires on September 30, 2014, transportation experts and state policymakers recommend that the new federal reauthorization cover a much longer period, preferably six years. Prior to MAP-21 being signed into law on July 6, 2012, there was a nearly three-year gap of 10 short-term extensions between MAP-21 and its predecessor, the *Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005: A Legacy for Users (SAFETEA-LU)*. The longer duration of MAP-21's successor will provide states with a much greater degree of certainty regarding federal funding in implementing their large scale, multi-year transportation projects. Diminished long-term certainty with regard to federal funding will result in states slashing critical transportation projects and shelving new capital investments, both developments that would seriously crimp our nation's economic competitiveness.

The MAP-21 legislation continued the trend evident in recent federal surface transportation reauthorizations by further enhancing the decision-making authority of state governments. For instance, MAP-21 afforded states a much greater degree of flexibility in the use of federal highway funds. It also placed greater emphasis on reducing the anticipated average project delivery time for highway and mass transit construction projects by initiating changes to the federal project delivery approval process. MAP-21 also expanded the activities eligible for funds set-aside for non-highway related enhancements, such as landscaping, environmental mitigation, conversion of rails to trails, bikeways, and historic preservation. Under MAP-21, states wield expanded authority to transfer a portion of those funds, under specified circumstances, to other federal highway and safety programs. MAP-21's focus on key performance outcomes such as reducing fatalities, improving road and bridge conditions, lowering congestion, increasing system reliability and promoting freight movement were additional benefits flowing to states.

Notwithstanding the greater degree of autonomy and other benefits flowing to states under the current iteration of the federal transportation authorization, there are several key points that MAP-21 did not address: MAP-21 did not address the financial future of the federal program, nor did it speak to the solvency of the federal Highway Trust Fund (HTF), the major source of funding for the plethora of highway and mass transit projects undertaken by federal surface transportation legislation.[*] As a result of inflation, more fuel efficient vehicles and changing driving habits, the HTF has become seriously underfunded. In its current MAP-21 iteration, the HTF is scheduled to run out of funds at the end of August 2014 and is estimated to drop below a $4 billion balance in July. Even if the wishes of certain transportation experts and some policymakers calling for a six-year, $330 billion reauthorization measure are realized, HTF revenue and interest over a six-year period will only bring in $234 billion, leaving an overwhelming deficit of $96 billion. Transportation analysts are unsure as to how the new transportation reauthorization and federal rulemaking actions will address this and other important related questions.

[*] The HTF is financed through the 18.4 cent per gallon federal gas tax that was last raised in 1993.

RECOMMENDATION

The Southern Legislative Conference of The Council of State Governments calls on the executive and legislative branches of the federal government to work collaboratively and expeditiously to pass a multi-year (preferably six years) authorization and adequately fund a surface transportation authorization bill before the expiration of MAP-21 on September 30, 2014.

The Southern Legislative Conference of The Council of State Governments requests that in devising the new reauthorization legislation, the federal government continues the direction contained in MAP-21 of increasing the decision-making authority of state governments and providing them with increased flexibility in terms of meeting the nation's surface transportation needs.

Further, the Southern Legislative Conference of The Council of State Governments urges the federal government to address the issue of funding the enormous transportation and infrastructure needs of the United States by providing specific solutions to the states in crafting the reauthorization of the transportation legislation.

Furthermore, the Southern Legislative Conference of The Council of State Governments requests that a copy of this policy position be forwarded to the Southern Congressional delegation, secretary of the U.S. Department of Transportation, and president of the United States.

Adopted by the Southern Legislative Conference in Little Rock, Arkansas, July 29, 2014