

Building Trust Between Road Users and Government: U.S. Perspective

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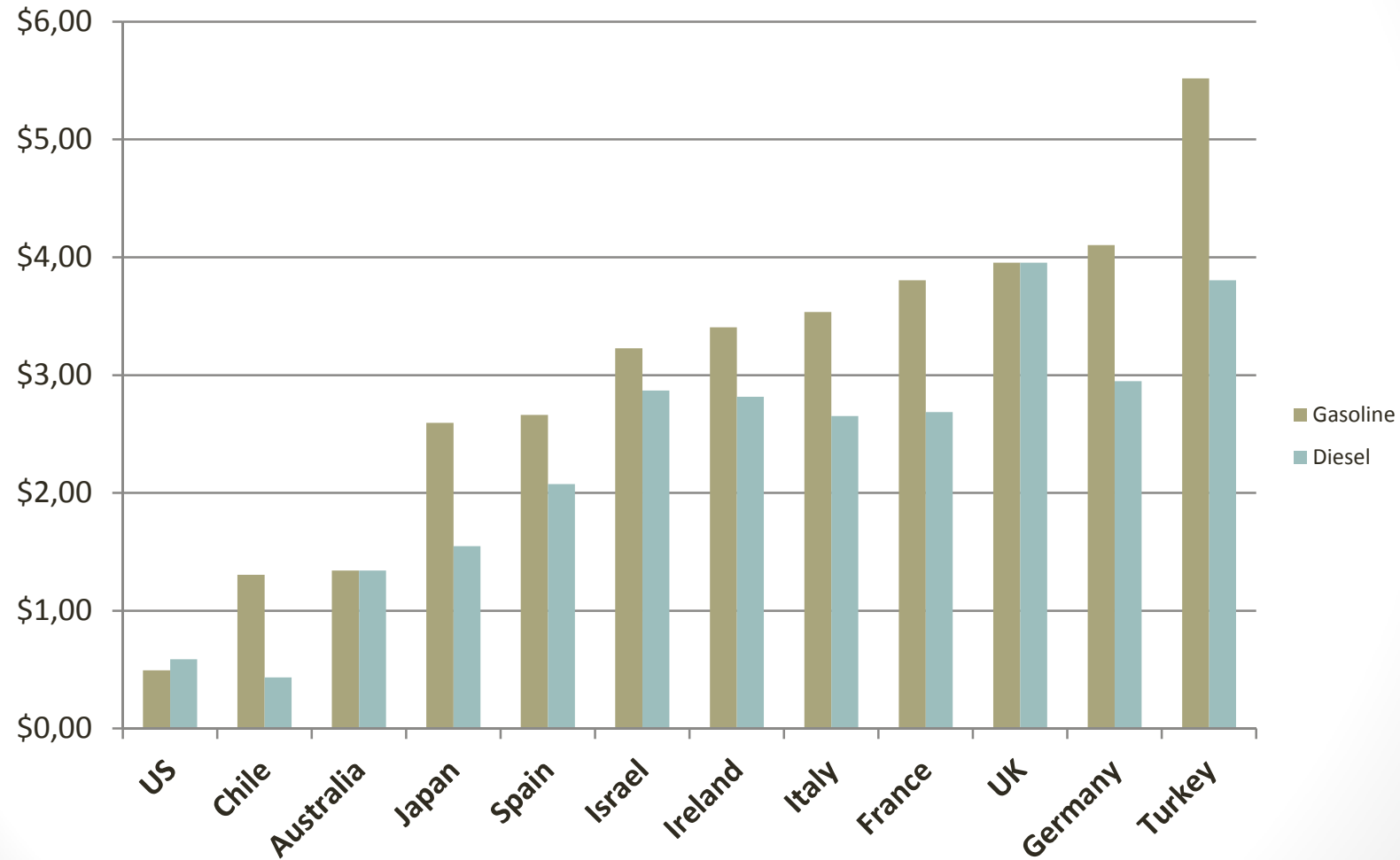
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Background – Timeline

- 1916: State owned – Federally aided concept funded
- 1956: Creation of Highway Trust Fund and dedication of user taxes
- 1991: Interstates declared largely complete; growing goals for federal program
- 1993: Last fuel tax increase (for deficit reduction)
- 2008: First shortfall in trust fund (now >\$60B)
- 2012: First effort to scale back programs; introduce performance goals

Fuel Taxes by Country (\$/gal)



Average \$/gal gasoline 9 Feb 2015

- Belgium \$5.61
- France \$5.62
- Germany \$5.76
- Italy \$6.33
- Neth. \$6.42
- UK \$6.15
- **USA \$2.57**

Fuel Taxes and Road Spending

- In the U.S., dedicated fuel taxes for transportation has kept costs down for motorists & truckers
- Dedication has prevented the punitive use of fuel taxes in the U.S.
- Yet, investment in roads is low as a % GDP. Other countries without dedicated fuel taxes spending more on roads.
- US highway infrastructure declining among OECD.
- Road quality deteriorating as older roads age.
- While organized user groups like AAA and truckers support highway fuel taxes, the idea still polls poorly among taxpayers.

Why is there a Lack of Trust?

- General anti-tax mood for many years
- Soft economy
- Lack of knowledge about dedicated fuel taxes
- Perception of waste, fraud, and abuse
- Suspicion that more taxes will not fix problems
- No clear investment plan
- Disinformation from right-wing & left-wing

Congress Responds

- In MAP-21, Congress focused on restoring trust with the road users:
 - Reduced diversion of funds
 - Streamlined environmental reviews
 - Introduced “performance-based” concepts in key areas
- But... no sustainable funding! (only 27 months)

2012 Legislation: “MAP-21”

- Legislation in 2012 was the first serious effort to institute reforms. 7 years after “Bridge to Nowhere”
- Pavement Preservation and Asset Mgmt. are important features in the 2012 law.
- February 20, 2015: Notice of Proposed Rulemaking on Asset Management released
- 2016: States must submit asset mgmt. plans

Building Trust with Users – Moving Forward

- There is optimism that a 2015 highway bill will include several years of new funding.
- Will users fund? Or general taxpayers?
- Congress will build upon MAP-21 policy.
- Sustainable user-based funding can only come if public sees results & believes the investment is improving their ride quality.
- Pavement Preservation, if widely implemented & well communicated, is a key way to show the users that they will get benefits for paying more taxes.

2015 is a critical year

- If there is a highway bill in 2015, it could restore key concepts that historically served the U.S. well:
 - Re-committing to the federal-state partnership
 - Multi-year stability in funding that enables borrowing from future revenue
 - Policies developed with road users in mind
 - A performance-based program that measures results
 - Measurement can be a new way to communicate value and provide new tools to help the public understand the investment needs

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2015 is a critical year

- If there is no highway bill in 2015, U.S. policy may change dramatically in short order:
 - Growing instability that threatens the trust fund viability, possibly leading to abolishment of user-based funding
 - Policies focused more on general taxpayers and potential competition with other government programs in the federal budget
- It is possible that general funds could be appropriated at higher funding levels than trust funded accounts utilizing fuel taxes, but the general fund is also under major long term stress and public policy aims would shift away from users.

Thank you

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