SENATE BILL REPORT

HJM 4029

As Reported By Senate Committee On:
Transportation, March 30, 1995

Brief Description: Urging Congress to use transportation funds for transportation purposes.

Sponsors: Representatives K. Schmidt, R. Fisher, Hatfield, Cairnes, Hankins, D. Schmidt, Robertson, Brown, Ogden, Johnson, Elliot, Radcliff, Backlund, Benton, Sherstad and Blanton.

Brief History:
Committee Activity: Transportation: 3/30/95 [DP].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.
Signed by Senators Owen, Chair; Fairley, Haugen, Kohl, Morton, Oke, Prentice, Prince, Rasmussen, Schow, Sellar and Wood.

Staff: Eugene Schlatter (786-7316)

Background: The federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) provides authorizations for federal aid to highway and transit programs for the six-year period from October 1, 1991 through September 30, 1997. To support the authorizations, federal highway user fees have been imposed which are deposited into the federal highway trust fund (HTF).

These user fees include motor fuels, tires, truck and trailer sales, and heavy vehicle use (annual gross weight fee). Most of the revenue is generated from the fuel tax. The basic federal fuel tax is 18.4 cents per gallon on gasoline and 24.4 cents per gallon on diesel fuel. Of the fuel taxes collected, 1.5 cents is dedicated to the mass transit account and 6.8 cents is provided to the general fund for federal budget deficit reduction. Under existing federal law, 2.5 cents of the 6.8 cent-general fund deficit reduction tax reverts to the HTF on October 1, 1995.

When Congress authorizes transportation spending bills every four to six years, it approves contract authority which can be used to withdraw funds from the HTF to pay for eligible capital projects.

An appropriation must be made each year from the HTF to pay for the capital projects. Included in the appropriations bill are limits to the obligations the HTF is allowed to incur. This technique is referred to as an obligation limitation or ceiling. By making the obligation limitation lower than the amount authorized for expenditure, surpluses begin to accumulate in the HTF. Under the Unified Federal Budget, the surplus in the HTF is identified as a reduction in federal general fund deficit spending.

Current national infrastructure needs for highways and bridges have been set at $300 billion, while at the same time the HTF has a cash balance of over $20 billion. The same procedure and issue exists for the federal airport and airway trust fund (A&ATF), which has a cash balance of $12 billion.

Summary of Bill: Congress is urged to fully fund ISTEA highway and transit authorizations, eliminate obligation limitations, and remove the HTF and the A&ATF from the Unified Federal Budget.

Appropriation: None.

Fiscal Note: Not requested.

Testimony For: None.

Testimony Against: None.

Testified: No one.