

Congress sends Bush bill restoring highway funds

By JIM ABRAMS – Sept. 12, 2008

WASHINGTON (AP) — Two months after the White House called a highway trust fund rescue plan a "gimmick" and threatened a presidential veto, President Bush is expected to sign legislation infusing \$8 billion into the financially teetering fund that supports road and bridge projects around the country.

That change of heart came after the administration acknowledged last week that the trust fund, which derives its revenues from the federal gas tax, was going broke much faster than anticipated and that Washington would have to begin delaying payments to states for construction work as early as this month.

That could have meant the loss of thousands of high-paying construction jobs just weeks before the election.

"I'm glad the Republicans came to their senses — you can't play politics with 300,000 jobs when we're in a recession," said Sen. Barbara Boxer, D-Calif., chairman of the Senate Committee on Environment and Public Works.

The House on Thursday voted 376-29 on the measure to transfer \$8 billion from the Treasury's general fund to shore up the 52-year-old highway trust fund. The Senate approved the measure by a voice vote on Wednesday after several Republicans who had held up the legislation for months agreed to let it go forward.

The breakthrough in the Senate came just five days after Transportation Secretary Mary Peters announced that the trust fund, which enjoyed a \$10 billion surplus just three years ago, would run out of money this month. She urged quick action by Congress to restore solvency to the fund.

In July, after the House first passed the \$8 billion replenishment effort, the White House threatened a veto, saying taking money from the general fund was "both a gimmick and a dangerous precedent that shifts costs from users to taxpayers at large."

Supporters of the transfer argued that the Treasury was merely returning \$8 billion it took from the then-prospering trust fund in 1998 for deficit reduction.

It has long been anticipated that the trust fund would move into the red next year, a result of the reluctance of Congress to raise the gasoline tax, unchanged since 1993 despite inflation and soaring construction costs. The federal fuel tax is 18.4 cents a gallon, or 24.3 cents for diesel.

But the fund has recently had a rapid change in fiscal fortune as drivers, responding to higher prices, have curtailed their driving and switched to more fuel-efficient vehicles.

Stephen E. Sandherr, chief executive director of the Associated General Contractors of America, expressed relief that Congress had finally acted. "We knew this shortfall was coming and we have made this a priority for the last two years," he said. "The money was set to run out, states were going to be left holding the bag and contractors would have been forced to lay people off."

The American Road and Transportation Builders Association, using Transportation Department figures, said that without the fix federal highway aid to the states would drop from \$35 billion in the fiscal year ending on Sept. 30 to \$24 billion in the next fiscal year 2009. It estimated that 379,000 jobs would be lost without congressional action.

According to the estimate, California would lose 32,000 jobs, Texas almost 30,000, New York and Florida 20,000 each and Pennsylvania 19,000.

Peters on Wednesday commended the Senate for its swift action to address the immediate crisis but added in a statement that "Congress must eliminate the billions in wasted spending, thousands of unneeded earmarks and hundreds of conflicting and contradictory special interest programs in order to make sure states don't face this situation again."

The few opponents of the bill blamed the current crisis on the 6,300 earmarks — lawmakers' pet projects — worth some \$24 billion, included in the \$286 billion highway bill Congress passed in 2005. That bill expires next year.

"Part of the reason we are having to steal money from the general fund," said Rep. Jeff Flake, R-Ariz., is "we just went hog wild in 2005. We've got to stop this earmarking process."

The bill is H.R. 6532.

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