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Retiring AASHTO Executive Director Calls for Investment and Tax Reform to Ensure Highway Trust Fund Solvency

WASHINGTON – Congress needs to take action this year to sustain the federal-aid surface transportation program, said John Horsley, executive director of the American Association of State Highway and Transportation Officials.

Horsley, who retires February 1 after 14 years leading the national association, made his remarks during his keynote address at the Transportation Research Board's annual Chairman's Luncheon Wednesday at the Omni Shoreham Hotel.

Horsley called on Congress to enact additional economic stimulus through transportation investment and to reform the taxes that support the nation's highway and transit programs.

\$50 Billion in Economic Stimulus through Transportation Investment

Horsley said that Congress should pass legislation authorizing a \$50 billion Transportation Regional Infrastructure Project (TRIP) bond program. Under a bill co-sponsored by Sen. Ron Wyden (D-Oregon) and Sen. John Hoeven (R-North Dakota), every state would receive \$1 billion over six years to be invested in transportation. The U.S. Treasury investment would be paid through U.S. customs fees and no debt would be incurred by the states.

"This program would create thousands of jobs, stimulate economic recovery, and improve mobility in every state," said Horsley.

Tax Reform to Restore Solvency to Highway Trust Fund, Reduce Federal Deficit \$150 Billion

Horsley also told the TRB luncheon audience that Congress should convert the "cents per gallon" federal excise tax on fuels to a sales tax on fuels. He said such a move could avert a looming transportation fiscal cliff. Forecasts show that the federal Highway Trust Fund could become insolvent by October 2014, which would cut annual federal highway investment from \$41 billion to \$6 billion and annual transit investment from \$11 billion to \$3 billion.

Under Horsley's proposal, sales tax rates on fuels would be set at a level that restores solvency to the Highway Trust Fund. The fund is currently spending \$15 billion more annually than the revenues it receives. The change would support spending on highways and transit over the next six years at \$350 billion. If the program were limited to expected excise tax revenues, it would have to be cut to \$236 billion.

"Fully supporting the program through highway user fees, rather than through transfers from the U.S. Treasury, would reduce the federal deficit by \$150 billion over 10 years," Horsley said. "The cost of the reform to taxpayers would be less than \$1 per week, per vehicle."

Sen. Mark Warner (D-Virginia) has expressed interest in the proposal.

Horsley, who has led AASHTO since 1999, officially retires February 1. Frederick G. "Bud" Wright was named AASHTO's new executive director in November 2012.

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