INTERMODAL TRANSPORTATION ACT OF 1997

● Mr. ABRAHAM. Mr. President, I rise to comment on the Senate Environment and Public Works Committee's report on S. 1173, the Intermodal Transportation Act of 1997. The sponsors of this legislation argue that it will provide an adequate level of federal highway funds, distributed equitably among the states, so as to meet our surface transportation needs over the next six years. I wish I could be as optimistic, but I have concerns that this bill will simply perpetuate the intolerable situation under which donor states, like Michigan, have been forced to suffer.

There are two basic fundamental flaws with our current surface transportation funding process that must be addressed in order to provide every state the ability to meet its highway needs. First, the vast disconnect between how much an individual state contributes to the Highway Trust Fund and how much it receives in Federal highway aid must be bridged. Second, the vast disconnect between how much the Federal government takes into the Highway Trust Fund from gas taxes, and the total amount it distributes to the states in Federal highway aid must also be bridged. Until these two problems are properly addressed, donor states such as Michigan shall be forced to suffer under a inequitable system that is neither justified nor effective.

The bill to be reported out of the Environment and Public Works Committee, S. 1173, the Intermodal Transportation Act attempts to rectify the problem of this unequal distribution among the states by allegedly guaranteeing each state a 90-percent return on the gas taxes it contributes to the Highway Trust Fund. Unfortunately, this will not be the case. In FY 98, Michigan is expected to contribute over $795 million in gas taxes to the Highway Account of the Highway Trust Fund. Nonetheless, according to data provided by the sponsors of S. 1173, this new distribution formula will provide only $686 million in federal highway aid to Michigan, an 86-percent rate of return. And it only gets worse, for by FY 2003, when Michigan is projected to contribute $1.07 billion in gas taxes, it will receive only $726 million in federal highway aid, down to a 68-percent rate of return. Even these funding levels are just $5.7 billion per year more than the average ISTEA levels for Michigan. This formula, Mr. President, is far away from what I would call a fair means of distributing this country's limited highway dollars. I will stand firmly against any measure that perpetuates this inequality.

As for the issue of overall funding levels, S. 1173 does not address the Federal government's unfair practice of collecting gas taxes from American motorists, while refusing to expend them. We know this process to be a sleight of hand scheme by which the Federal government shirks the full burden of responsibility for the true size of the budget deficit. Years ago, American motorists were told that a gas tax would be collected as a ''user fee'' to provide a ''pay-as-you-go'' funding source for the Interstate Freeway System. They should expect the taxes they pay at the pump to be necessary to maintain the roads upon which they drive, and to be spent on those roads. In my opinion, when those taxes are not used for transportation purposes, the American motorist can rightfully conclude either those taxes are not necessary, or more likely, are being unjustly withheld from their proper use.

The Taxpayer Relief Act of 1997 took an important step towards correcting this unjustified withholding by transferring gas tax revenues which previously were being directed to the general revenue back to the Highway Trust Fund. These 4.3 cents of gas tax represent almost $5 billion in additional revenue for the Trust Fund, an account that will grow to over $30 billion in annual revenue by 2003. Yet the Intermodal Transportation Act only authorizes funding levels of approximately $24 billion per year, continuing to withhold nearly $6 billion per year in highway gas taxes to mask the deficit's true size, while allowing the continuation of wasteful government programs. Even under the unfair distribution formulas found in ISTEA, these $6 billion additional dollars would represent over $150 million in extra federal aid per year for Michigan, an increase of about 25 percent.

Mr. President, it is clear what we must now do. Any successor legislation to ISTEA must guarantee each and every state at least 95 cents in federal highway aid for every dollar it sends to Washington in gas taxes. The entire justification for this historically unfair distribution, a distribution scheme that forces states like Michigan to suffer as donor states, is rendered moot with the completion of the Interstate System, a declaration made six years ago in the very opening paragraph of ISTEA, to recognize America entering an era in which new construction transportation projects are started to fulfill regional, not national, demands.

Furthermore, Mr. President, we must stop withholding highway funds from the states. The successor legislation to ISTEA must guarantee that all the states are provided the opportunity to use all the revenues raised by gas taxes. Therefore, we must ensure that legislation is in place that will force the Federal government to spend on our highways an amount at least equal to that amount raised in gas taxes. Absent that, we must provide an opportunity for the States to raise their own gas tax revenues by repealing that portion of the gas tax not needed to fund the federal aid highway program, thereby allowing the states to raise, and keep for their roads, the gas tax revenues that would otherwise be siphoned off to unscrupulously mask the true size of the federal deficit and unjustifiably continue unnecessary federal spending.

Many of my colleagues are raising very similar concerns, Mr. President, and the next few weeks will likely see an intense debate on this issue. For my constituents in Michigan, no issue is more important than the federal road funding process, and I commit to them all my resources and efforts to rectify this inequitable situation. I will be joining many of my colleagues in proposing alternative methods of distributing our federal road funds so as to not only make it fairer for individual states, but also to ensure that the entire National Highway System, and our States' road system, are adequately maintained. And when Members of this Senate are able to score quick increases in their State's share of the federal dollar by threatening a filibuster, it makes the rest of us wonder what might be the most effective way for us to improve our States' situation. I plan to offer a series of amendments to address the fundamental issues I have discussed today, as well as proposals that will streamline. Only time will tell, Mr. President, but I trust we will be able to work together and derive an equitable and mutually beneficial funding solution.●

THE NOMINATION OF PETER SCHER TO BE SPECIAL TRADE AMBASSADOR FOR AGRICULTURE

● Mr. FEINGOLD. Mr. President, I want to make a few brief comments regarding the nomination of Mr. Peter Scher to be the Special Trade Ambassador for Agriculture which this Senate is considering today. I am pleased to report that the Senate Foreign Relations Committee, on which I serve, considered the nomination of Mr. Scher and favorably reported his nomination yesterday.

I met with Mr. Scher following his confirmation hearing before the Senate Foreign Relations Committee to discuss with him the problems Wisconsin's agricultural sector has had with our existing trade agreements such as the Uruguay Round of GATT and the North American Free Trade Agreement. I urged Mr. Scher, in his new position, to work diligently to ensure that our trading partners are complying with their agricultural trade obligations established by these agreements.

Specifically, I asked Mr. Scher and the USTR to accept a section 301 petition filed by the dairy industry asking USTR to challenge the Canadian export pricing scheme before the World Trade Organization. Canada's dairy export subsidies violate the export subsidy reduction commitments under the Uruguay Round. These subsidies disadvantage the United States dairy industry in its efforts to compete in world markets. I also pointed out that Canada also has effectively prohibited our dairy industry from exporting